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The Commercial and FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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Our Reporter On "Governments"

Of course, today's big story is the Treasury's sale of $2,000,000,000 bonds, bearing a 2% coupon, due in 1951/49. . . . Issue was announced yesterday, books are staying open until midnight tonight. . . . There are no limits on subscriptions except the 10% deposit that must be put up by individuals. . . . Speculation, therefore, is as easy to manage as it has ever been—if not easier, for these days, Secretary Morgenthau is not interested in reform. . . . He is interested mainly and maybe solely in raising cash—billions of cash. . . .

The issue is going over and will go over, for the bonds are in the 10-year range and thus can be bought by banks and similar institutions without fear. . . . Insurance companies will subscribe too. . . . Many small banks around the country have been selling recently, preparing to use the cash obtained for subscriptions to this issue. . . . Portfolios within the market have been well cleaned out and dealers also are in position to take down securities. . . . As for subscription totals, guesses at this writing are useless, but informed sources expect allotments to be around 50%. . . . High but by no means disturbing. . . . And on premium forecasts, best guess is about ½ point—or $5 a bond. . . .

One big complaint about this issue is the fact that it's so "conservative." . . . Higher coupon was hoped for, was generally expected until afternoon of Tuesday when rise in long terms indicated that a short intermediate with a 2% rate was coming. . . . But the Treasury admits it is timid and its conference with New York City bankers might have increased its timidity. . . .

Next issue is coming in early August, will be additional offering of "taps." . . . Insurance companies are going to get the next lot apparently. . . .

Meanwhile, the market is holding and acting well. . . . So the conclusion is the Treasury got its money easily and the debt rise to the $80,000,000,000 mark was taken in stride. . . .

Last week, Morgenthau came to New York to lunch with leading city bankers for the first time since he assumed office as Secretary. . . . There were 19 top-ranking bankers at the meeting and no dealers — the omission being as significant as the guest-list. . . . The day after his visit, the Government market rallied slightly, gained a few 32nds after days of almost unbelievable dullness. . . . And that tells a story, for unless all our "smart interpreters" have gone awry, the advance meant the bankers were reassured by the Treasury as to the willingness and ability of the fiscal authorities to control interest rates and the price level. . . .

Do not skip that conclusion without consideration. . . . Had not the bankers been reassured, the news would have seeped through to the professionals and even the lack of institutional selling wouldn't have been able to prevent some marking-down of bids. . . . The fact that the opposite occurred — despite the slight extent of the rally — suggests strongly that the reaction of those attending the luncheon was favorable to the market. . . .

MONEY MARKET

There's really no significance in the Treasury's sale of $303,000,000 one-day certificates of indebtedness to the Reserve Bank of New York during the week of June 16. . . . No significance as far as actual amounts go, and no long-term significance as far as use of the Treasury's power goes. . . . But what this manipulation of the

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NASD Minimum Capital Proposal Would Abolish Cherished American Tradition

As the deadline approaches for the balloting on the suggested amendments to the rules and by-laws of the NASD, it is appropriate to call a halt to the understandable desire to give full play to our emotions in considering the issues involved and to concentrate on fundamentals. It was to be expected, of course, that the matter of requiring minimum capital (Article 1, Section 1) would stimulate considerable heated discussion within the industry. This would likewise be true in the case of any other proposition calculated to abridge a fundamental American right and privilege. Furthermore, the right to protest, in print or otherwise, is a highly cherished American institution and should be vigorously maintained.

In any controversy, however, there is always the danger of too great emphasis being placed on some of the lesser considerations at issue, with a collateral dimunition in the consideration of the more fundamental aspects in question. This would appear to be somewhat true of the discussions centering about the minimum capital proposal. Perhaps, we, too, in our editorials on this question, have in some measure temporarily taken our eye "off the ball." If so, it was only because of the obvious necessity to dramatize, if need be, the serious implications contained in what, on the surface, appears to be a perfectly desirable objective. For this reason alone, it was to be expected that the "Chronicle" would diligently question the wisdom of the proposal under discussion. Indeed, it could hardly be expected to do otherwise in view of the long-standing reputation of the publication in consistently supporting and upholding the rights of a free capitalistic system. The "Chronicle's" record in this respect, particularly during the trying years of the past decade, calls for no defense in this instance.

Equally elementary is our reluctance to champion or support the cause of any particular group whether it represent the so-called majority or minority faction. Certainly as is patently true of the securities field it would be absolutely ridiculous for anybody or any publication, such as the "Chronicle," working in the best interests of the business to take any stand that would serve to add to the difficulties that now exist. There are already too many agencies and bureaus which, under the guise of self-righteousness have acted at various times with seemingly no regard for the best interests and welfare of the country. That the "Chronicle," by any stretch of imagination would even support, much less espouse any policy or program likely to injure the securities business, or any other, is patently ridiculous.

Getting back to Article 1, Section 1, no exception can be

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OUR REPORTER'S REPORT

The nation's political sub-divisions have well-nigh withdrawn from the new money market partly in deference to the Federal Treasury, but largely it appears, in consequence of more basic economic considerations, not the least of which is inability to get materials essential to such new construction as may be involved in pigeon-holded plans.

As an example of the extent to which municipalities have curtailed their call on the investment funds of the country, the June figures are interesting. The volume of new municipals brought to market last month was $32,600,000, exceeding slightly the May figure of $28,600,000 but, constituting only a fractional part of the June, 1941 aggregate of $145,000,000.

The ratio, contrasted with a year ago, has fallen more or less steadily since Pearl Harbor, and for the first half of the current year the turnover, at $339,000,000 was equal to barely 46% of the

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Two New Governors Of N. Y. Stock Exchange

Henry P. Green of St. Louis, a partner in the firm of G. H. Walker & Co., and Henry Picoli, of New York, a partner in F. H. Douglas & Co., were elected members of the Board of Governors of the New York Stock Exchange to fill existing vacancies. They will serve until the next annual election.

Mr. Green entered the stock brokerage business as an employee of G. H. Walker & Co., in St. Louis in 1908. He became a partner of the firm in 1926. Mr. Green was born in St. Louis in 1880, and was graduated from St. Louis University in 1899.

Mr. Picoli has been a member of the Exchange since 1920. He became a partner of F. H. Douglas & Co. in 1929, prior to which he was a partner of Gwynne Brothers. During World War I he enlisted in the United States Army and served abroad with the ambulance company of the Fourth Division.

Harold Brown Joins Cohu & Torrey Dept.

Harold L. Brown has become associated with Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, where he will be in charge of the Industrial Department. Mr. Brown was formerly manager of the industrial department for Hood & Co. and prior thereto was with Taylor and White for 12 years.

NYSE Suspends Post

The New York Stock Exchange announced on July 6 the suspension of George B. Post, under Section 5 of Article X (non-payment of dues) of the Constitution.

Potter War Dept. Aide

A. C. Potter, President of Burns, Potter & Co., Inc., 202 South Seventeenth Street, Omaha, Nebraska, is on leave of absence from his firm and is serving in the War Department as Special Assistant to the Under-Secretary of War. Mr. Potter is handling the task of filling the commissioned officer needs of the various Army and War Department services and all inquiries and applications are directed to his desk.

Luminous Pigment May Revolutionize Outdoor Advertising; Many Other Uses

Proposed Stock Offering Should Appeal To Dealers And Investors

In 1934 Gilbert Schmidling created fluorescent lighting. After twenty years of research he has now discovered a luminous pigment with three times the radiance of any known luminous material. The August 4th issue of "Life" magazine carries three pages of pictures showing the many uses and qualities of this new discovery.

Now, for the first time it is possible to impregnate a plastic with a luminous material and the new patent worked out with Du Pont for use with their plastic "Lucite" opens a tremendous field both for "blackout" materials, highway markings and outdoor advertising.

The new phosphorescent dyes and pigments act as storage batteries for light and are being developed by Westinghouse for aid to pedestrians and traffic during blackouts. The pigment gives off a brilliant "moonlight glow" for ten hours after a twenty-minute exposure to light.

It is understood that Leigh Chandler & Co., Inc., 100 Broadway, New York City, have secured a contract for new financing of this company through the sale of capital stock. A good demand for these shares is anticipated.

Dealers Continue To Register Unqualified Disapproval Of Minimum Capital Proposal

We are continuing to receive letters from dealers in various parts of the country expressing their views regarding the proposed NASD minimum capital proposal. In practically every instance the dealers are definitely opposed to the plan. Owing to space limitations, we are only able to give in this issue a partial list of the letters received this week. All of those omitted were opposed to the proposal. Mention should be made of the fact that where the name of the correspondent and the firm with which he is associated are shown, this is done with the express permission of the writer of the letter. In all cases, we scrupulously observe the wishes of our correspondents who prefer that their own identity and/or the firm in question remain anonymous.

DEALER NO. 26

There is one angle of the proposed NASD minimum capital amendment that has not yet received the attention it deserves:

If the feeling of disgust at this puerile proposal is laid aside and clear thinking prevails, we are reminded that the whole NASD setup is palpably unconstitutional since the Maloney Act under which it was brought into existence constitutes a delegation of legislative making functions just as much as did the NRA which for this reason was held invalid by the United States Supreme Court.

Any dealer who may be forced out of business by this amendment can obtain a restraining order against the NASD and thus prepare the ground work for a review of the Maloney Act by the highest court in the country.

Our firm will be glad to donate the equivalent of two years' dues to help defray the legal expenses involved in seeing the case through. If we members must pay our President $15,000 a year, plus the many other expenses, to put many of our fellow members out of business, there can be no doubt but that many will be only too glad to use their dues for legal expenses to further the cause of free enterprise for all.—(From a New York City Dealer)

DEALER NO. 27

We have been rather surprised at the vigor of the opposition to the $5,000 minimum capital requirement, as indicated by letters to the "Chronicle."

In Wisconsin we have had a similar requirement for several years. In Wisconsin no specific amount is mentioned, but the Department of Securities is required by law to see that each dealer has sufficient capital to conduct his business before his license is renewed. In practice this has worked out surprisingly well.

In Sheboygan there are five offices, three of local firms and two branch offices. Clearly the operation of the law has not reduced the number of offices. In fact, five offices in a town of 40,000 people, with no large investors, may be too many.

Locally the minimum capital requirement has had no effect except that the manager of one of the branch offices might be operating an independent shop if it were not for this requirement. He does not feel that he is being unfairly treated.

We recognize the validity of the theoretical arguments against the minimum capital requirement, but we believe that in practical operation it will prove to be thoroughly sound.—(A Sheboygan, Wis., Dealer)

DEALER NO. 28

I have followed with a great deal of interest the controversy raging in your publication regarding the proposed capital requirements for membership in the NASD. I note that a great deal of heat has been generated but it is my personal feeling that the whole matter is being handled backwards.

In my opinion, the NASD should expel any member who has AS MUCH as $5,000 capital left. After what the security dealers have gone through since 1933, anyone of them having $5,000 left can not have acted in the best interests of his clients.

The above suggestion, of course, is absurd, but to my mind it is no more ridiculous than the proposal offered by the NASD.—(From B. S. Lichtenstein, New York City)

DEALER NO. 29

I challenge the constitutionality of Amendment 1.

I challenge the right of the membership to vote on an unconstitutional amendment.

I and my firm are willing to dedicate at least one year's membership fee to the defraying of legal expenses in order to chase this amendment to its death, if necessary, before the Supreme Court of the U. S. A. In doing so, we will render a service of invaluable scope not only to our fellow brokers, but also to all independent merchants and businessmen in the country who are fighting for their lives, their right of existence and the freedom from regimentations and restrictions.

But what is more than surprising is the fact that, in spite of all the literature and legal precedents which prove the unconstitutionality of Amendment 1, the men in charge of the NASD do not know so. This is not at all surprising. The men in charge of the NASD seem to know very little about many other things the knowledge of which is very important to the members of the NASD. As a matter of fact, to get an interpretation or an opinion on this or that subject from the proper authorities within the NASD, is often more than trying, if not entirely impossible. It seems to me that the entire NASD has turned into a fossilized institution with (too) highly paid directors and an over-organized set-up whose publications and circulars are in most cases meaningless to a legally untrained mind and the majority of the members. Who has ever read them or tried to understand them? We have been flooded with all kinds of circulars dealing with internal organization, but we have not received one single circular which deals with the primary interests of the members as brokers and dealers in the Over-the-Counter-Market. Every labor union in the country is doing a better job for its members for smaller fees than the NASD is doing for its members. As a matter of fact, instead of doing something for them, it is now doing everything against them. It is time to get out and to form an organization which will truly represent the interests of the Over-the-Counter houses without selling them down the river and into the hands of their competitors.—(A New York City Dealer)

DEALER NO. 30

I am against this amendment. Anyone in their right mind would be against such a proposal.

The first member of my family who landed in this country in

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Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Wade Lewin Merging With Henry Swift Co.

SAN FRANCISCO, CALIF.—Wade-Lewin & Co. has been merged with Henry F. Swift & Co., 490 California Street, members of the San Francisco Stock Exchange. Mertin Wade, Victor Lewin, and Joseph A. Johnson, San Francisco Exchange member, have become general partners in Henry F. Swift & Co. with Henry F. Swift and Don Blessing, also an Exchange member.

The merger of the two firms has been effected because of the expected entry of Mertin C. Wade, Jr. into the Naval Service; a graduate of the U. S. Naval Academy, he served in the Navy until 1922.

All books of Wade-Lewin & Co., with the consent of the firm's clients, are being transferred to Henry F. Swift & Co.

Almstedt Brothers To Get NYSE Membership

LOUISVILLE, KY.—With the acquisition by Richard H. Almstedt of the New York Stock Exchange membership of Charles A. Frankhauser, Almstedt Brothers, 425 West Market Street, will become members of the New York Exchange. The firm, founded in 1885, holds an associate membership on the New York Curb Exchange.

Partners in the firm are Fred L. Almstedt, Arthur H. Almstedt, Richard H. Almstedt, and J. R. Burkholder, Jr.

New Cotton Exch. Member

At a meeting of the Board of Managers of the New York Cotton Exchange held on July 2, Charles Newton Schenck, Jr., a partner of Mitchell, Hutchins & Co., of New York City, was elected to membership in the Exchange. Mr. Schenck is also a member of the New York Curb Exchange.

Municipal Clubs Give Honorary Memberships

Ex-officio honorary memberships were voted by the Municipal Bond Club of New York at its annual meeting to the presidents of the Municipal Bond Clubs of Boston, Philadelphia and Chicago.

D. M. Wood, president of the Municipal Bond Club of New York, and Dudley Smith, municipal secretary of the Investment Bankers Association of America, were elected ex-officio honorary members of the Municipal Bond Club of Chicago at the meeting of its board of directors on July 2.

J. S. Bache Co. Adds H. Devan And J. Matts

Howard G. Devan and James V. Matts, formerly of Seligsberg & Co. have joined the staff of J. S. Bache & Co., members of the New York Stock Exchange and other national exchanges, and will be located at the main office of the firm in New York, at 36 Wall Street.

Mr. Devan has been in the brokerage business since 1907, when he started as a statistician with a firm in Pittsburgh. Mr. Matts was a partner of Cohen, Wachsman & Wassall before joining Seligsberg & Co.

Comstock, Cummings With Cohu & Torrey

Cohu & Torrey, members of New York Stock Exchange, announce the opening of an office in the Metcalf Building, Orlando, Florida, under the management of Stanford E. Comstock. For the last eight years Mr. Comstock has been in charge of the Orlando office of A. B. Morrison & Co.

The firm also announces that Edward E. Cummings, formerly president of Cummings Brothers of Syracuse, N. Y., has become associated with them as sales manager of their St. Petersburg office.

Ontario Issues Attractive

In a booklet on the wealth and resources of the Province of Ontario, Wood Gundy & Company, Inc., 14 Wall Street, New York City, point out that the Province provided over one-half of all individual and corporation taxes collected by the Government of the Dominion of Canada in the fiscal year ended March 31, 1941. Forty per cent of the national income of the Dominion accrues to residents of Ontario, which comprises one-third of Canada's total population.

Assessed valuation of the property within the Province totals $2,941,000,000, while capital debt and contingent liabilities aggregate $840,706,169. This latter figure includes $345,000,000 for road construction and $315,071,446 self-sustaining investments. The above figures are after giving effect to new financing up to and including June 15, 1942.

An illustrated chart shows that the current yield from long term Ontario bonds in the United States is now approximately 3.65%, while that for comparable Dominion of Canada bonds is approximately 3.25%. This differential in yield of 0.40% in the United States market compares with a current differential of 0.11% in Canada. The chart, which covers the twenty-three year period from 1919 to 1942 also shows that prices of Ontario bonds in Canada have closely approximated prices of Dominion bonds.

Isaacs Visits

Henry G. Isaacs, Guaranty Underwriters, Jacksonville, Fla., returned home on July 7 after a flying trip to New York City.

Inflation In U. S. Sure Either During War Or In Post War Period Says Roger Babson

The United States will find that inflation is inevitable, declared Roger Babson writing in the "Christian Science Monitor" of June 27th. "There seems to be as much misunderstanding about inflation as there is about rubber and gasoline," Mr. Babson said. "Even the Washington Bureaus appear to issue contradictory statements. It may be that these departments gets their tenses mixed up, referring to the present or past rather than the future. Therefore, let me first straighten readers out on this subject.

"We most certainly will have inflation. If it doesn't come during the war, it will come after the war. Inflation is like a stream of water, you can't dam it up forever. Building a dam does not destroy the water in the stream. The dam holds back the water for only a limited time and then the water flows over it. The work of Leon Henderson, for whom I have great respect, is prevening inflation at the present time; but he is damming the water without destroying the flood. He is only postponing inflation.

World War I Trend

"All this talk about inflation is, however, accomplishing some real good of lasting importance. During World War I the Adminisration at Washington was friendly to business. Prices were allowed to take their natural course and go up. As a result, they went up too high and there was a tremendous decline in 1921. This sudden price decline ruined a great many people. Now with an Administration at Washington which is unfriendly to business, these prices are being kept down. This, however, should avoid a serious drop and deflation after the war is over.

"There are various kinds of inflation — money inflation, credit inflation, commodity inflation, etc., etc. Most of these forms are gradual and do not make or break people. The real dangerous form of inflation is when people get panicky as to the value of their paper money. Then, like a flock of crazy sheep, they suddenly turn to spending this money and putting it into real things. This is the inflation which may come after the war.

"When people lose confidence in the dollar and look about for real things, they all turn first to good furniture, wearing apparel, new autos, books, rugs, etc. People with money to invest turn to common stocks of companies with natural resources, good labor relations and whose stocks are selling at prices below their invested capital value.

"The middle-class group will put their money into good real estate. If you do not own a home, you had better buy one. If you own a home with a mortgage, you should pay off that mortgage. If you own a home without a mortgage, get it in good condition to go through the inflationary period without the need of further maintenance expenses.

Real Estate Situation

"In the war districts there now is very little vacant property; it must be less than 1%. Yet, I would not advise buying property in these booming war areas. It might be well to sell when getting a fair offer. When it comes to considering average property in an average community, I would divide it into five groups as follows:

"(1) Business Property. Now is the time to sell occupied city business property and the time to buy vacant suburban business property. The tire and gasoline shortages have temporarily reversed trading conditions. Where during the past few years trading has gone from the city to the suburbs, it is now returning from the suburbs to the thickly settled areas; but it will come back again.

"(2) Office Buildings. Most office buildings have been built in crowded sections. Hence, they should benefit during the remainder of the war, even if they may be used for purposes for which they were not intended. Those who own such property should keep down operating costs and keep the property well maintained. As no new office building property will be built during the war, I now see no probable slump in good office building property after the war.

"(3) Single Family Residences. Houses within walking distance of buses and railroad stations should hold up in value, but the subdivisions, dependent on automobiles, should suffer during the remainder of the war. After the war the large, old-fashioned city houses will again be a drug on the market, but the houses in new sub-divisions should readily again come back in demand.

"(4) Apartment Houses. These are mostly 100% occupied at the present time. Apartment houses usually are built in locations not dependent on private automobiles and hence are benefiting from the war. Furthermore, no new apartment houses are now being constructed so that the demand is gradually exceeding the supply. On the other hand, those who can now get their money out of apartment houses which have been a headache during the past ten years had better do so. The net income on apartment houses should remain at about present levels, at least during the war.

"(5) Vacant Land. Much depends on the location and quality of the land, growth of the community, etc. My preference is land just outside of small cities of from 10,000 to 25,000 population, especially college towns. Small farms that are near enough to a community to some day be cut up into house-lots should be attractive. Be sure to get such on the side of the city which is growing."

Situation Interesting

Amott, Baker & Co., Inc., 150 Broadway, New York City, has just prepared a brief report covering the common shares of Lionel Corporation, which offers an interesting situation at the present time. Copies of the report may be obtained from the firm upon request.

White, Weld Absorbs Farson, Son & Co.

White, Weld & Co., 40 Wall Street, New York City, announce that the business of Farson, Son & Co. has been merged with their municipal bond department as of July 1. Rudolph A. Avenius, formerly proprietor of Farson, Son & Co., will be in the White, Weld & Co. municipal bond department on and after that date. Farson, Son & Co. have discontinued business as of June 30.

Florida Bond Values

Allen & Company, 30 Broad Street, New York City, have prepared an interesting table of the assessed valuation and net bonded debt of various Florida cities for 1941-1942. Copies of this interesting tabulation may be had from Allen & Company upon request.

Cassels Dead

Robert Cassels died in Toronto after a brief illness at the age of sixty-eight. Mr. Cassels was president of the Toronto Stock Exchange in 1924 and 1925. He later became a partner in E. A. Pierce & Co., from which he retired in 1939 after an association of fifteen years, returning to Toronto.

Cecil Condit Now With Brailsford & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Cecil O. Condit has become associated with Brailsford & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. Mr. Condit was formerly with Webber, Darch & Co. and prior thereto was manager of the Traction Securities Department of the local office of Paine, Webber & Co. and was in the Traction Department of Paul H. Davis & Co.

Mr. Condit has specialized exclusively in Chicago tractions since 1923 when he joined Lobdell & Co.

Elmer Hassman Joins Becker Municipal Dept.

CHICAGO, ILL. — Elmer G. Hassman has become associated with A. G. Becker & Co., Incorporated, 120 South LaSalle Street, in its Municipal Bond department. Mr. Hassman, who was formerly with Lazard Frees & Co., has been in the municipal field for more than twenty years and is a director of the Municipal Bond Club of Chicago.

L. E. Taylor To St. Louis

ST. LOUIS, MO.—Levering E. Taylor, formerly San Francisco correspondent of the Mercantile-Commerce Bank and Trust Company, Locust-Eighth-St. Charles, has been transferred from San Francisco to St. Louis and has joined the Trust Department.

As of June 15 the bank's San Francisco office has been closed.

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., June 30, 1942.

The Board of Directors has this day declared a dividend of One Dollar and Fifty Cents ($1.50) per share, being Dividend No. 118, on the Common Capital Stock of this Company, payable September 1, 1942, to holders of said Common Capital Stock registered on the books of the Company at close of business July 31, 1942.

Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York, N. Y.

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on August 1, 1942, to stockholders of record on July 15, 1942. The transfer books will not close.

THOS. A. CLARK
TREASURER

June 25, 1942

Liberty Aircraft Products Corp.

Liberty Aircraft Products Corporation is engaged in the manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. This includes precision machine work, precision sheet metal work, heat treating, anodyzing, cadmium plating, sand blasting and doping. The greater part of its business consists of precision work upon the alloys of steel and aluminum used in aircraft. Among the products manufactured by the company are struts, propeller hubs, gear boxes, fuel pumps, vacuum cylinders, etc. In addition, the company also produces wings, pontoons, stabilizers, rudders, elevators, fins, flaps and bomb racks. Principal customer is the Grumman Aircraft Engineering Corporation which accounted for approximately three-quarters of its business during the fiscal year (11 months) ended Nov. 30, 1941.

As an investment, and in order to broaden the scope of its business in the post-war era, Liberty purchased 100,000 shares of the common stock of The Autocar Company at $15 per share on Sept. 12, 1941. On March 15, 1942, stockholders of Autocar voted the issuance of two new shares (5¢ par value) for each old share (10¢ par value). Liberty, therefore, now owns 200,000 shares of Autocar, or one share of Autocar for each share of Liberty outstanding. At the current market price of about 11½ for Autocar, Liberty has a profit of about $800,000 on this investment.

On Feb. 16 and on May 25, 1942, Liberty received a dividend of $100,000, or a total of $200,000, on its holdings of Autocar stock, and it anticipates receiving on this investment a total of $400,000 during 1942, which is equivalent to $2 on each share of Liberty. For the year ended Dec. 31, 1941, The Autocar Company reported net earnings of $1,493,000 after a charge of $800,000 as a reserve for contingencies. After preferred dividend requirements, such net earnings were equal to $3.63 per share after giving effect to the above-mentioned two-for-one split.

At the end of 1941, Liberty's current liabilities exceeded its current assets by approximately $768,000. This was due to the creation of bank loans totaling over $1,200,000, the bulk of which represented the remaining liability in connection with the $1,500,000 purchase price of the Autocar stock. Since then, notes payable to banks have been funded; at the end of May, term notes payable to banks totaled $600,000, payable $150,000 annually during 1943, 1944, 1945 and 1946. Consequently, at May 31, 1942, current assets exceeded current liabilities, which included $150,000 of notes payable in 1943.

The recent growth in volume of business and earnings of Liberty is shown by the following tabulation:

	Net Sales	Net Profits	Earned Per Sh.
1941	*$4,536,097	*$443,035	*$2.20
1940	1,892,545	239,705	1.20
1939	851,786	37,541	0.18
1938	483,817	33,028	0.16

*These figures represent 11 months audited and the month of December unaudited. During 1941, the company's fiscal year was changed from the calendar year basis to a fiscal year ending Nov. 30.

For the 12 months ended Dec. 31, 1941, Liberty reported net earnings of $443,035, in addition to which its equity in Autocar's net earnings for the period Sept. 12, 1941 (date of acquisition of 100,000 shares of Autocar common) to Dec. 31, 1941, amounted to $383,188. The net earnings of Liberty plus its equity in Autocar's earnings, therefore, equalled $4.11 per share for the period.

If Liberty had held the 100,000 shares of Autocar common during the entire year 1941, its equity in Autocar's earnings for 1941 would have been increased by an amount equal to $1.72 per share, making a total of $3.63 as its equity in the earnings of Autocar, or a total of $5.83 as its net earnings plus its equity in Autocar's earnings.

Liberty owns about 48% of the common stock of The Autocar Company. Autocar's line of motor trucks includes over 60 different models (derived from 10 basic models), both in conventional engine-in-front design and in engine-under-the-seat design, the latter permitting a shorter overall length and turning radius. The various models produced comprehend two, four, and six-wheel drives, gasoline and Diesel motive power, a specially designed line of dump-trucks, and pulling units known as "tractors." Practically all production at present is devoted to demands of the Government, which include scout cars, personnel cars, and heavy duty trucks and "tractors."

For the first six month of its fiscal year, ending May 31, 1942, Liberty's earnings approximated $3 per share after providing for Federal income and excess profits taxes on the basis of the 1941 Revenue Act. Sales for the six months were considerably larger than those realized during the entire 1941 calendar year. Earnings for the six months do not include the equity in Autocar's earnings, which have not been reported, but do include the dividends of $200,000 received from Autocar, previously referred to. On April 14, 1942, Liberty paid a dividend of 25c a share, and on June 30, 1942, paid 25c a share or a total of 50c a share. It seems reasonable to assume therefore that the company will be able to maintain a quarterly dividend of 25¢ a share. It is important to note that Liberty can reasonably expect to receive $400,000 or $2 a share in dividends from Autocar in 1942. Under present tax laws, only about 15% of this is subject to Federal taxation.

In view of Liberty's investment in Autocar and the present dividend policy and potential earnings of both companies, the common stock of Liberty at current levels appears to be attractive. For the duration of the war, both companies may be expected to report good earnings and Autocar's longer term aspects are extremely encouraging.

In Armed Forces

Spencer B. Koch & Co., 120 Broadway, New York City, announce that S. Marshall Kempner has retired from partnership in their firm and has entered military service.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BEVERLY HILLS, CALIF.—**Ernest C. Maclean** has become associated with **H. R. Baker & Co.,** 6331 Hollywood Boulevard. Mr. Maclean was formerly local manager for Fewel, Marache & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Philip H. Kreisman** is now affiliated with **Adams & Co.,** 231 South La Salle Street. Mr. Kreisman was formerly with Duryea & Co. and its predecessor. In the past he was with Bond & Goodwin, Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Ted Ayres** has been added to the staff of **Barcus, Kindred & Company,** 231 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **William P. Heyn,** formerly with the Federal Housing Administration, has become associated with **Enyart, Van Camp & Co., Inc.,** 100 West Monroe Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Joseph A. Babbert** has joined the staff of **Robert J. Phillips & Co.,** 141 West Jackson Boulevard. Mr. Babbert was previously with Hornblower & Weeks, F. H. Armstrong & Co., and Otis & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—**Edwin J. Wise** has become connected with **A. E. Aub & Co.,** Union Trust Building. For the past ten years Mr. Wise has been in business for himself.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Horace J. Brown** has become associated with **H. R. Baker & Co.,** Bank of America Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Harold V. Blickensderfer,** formerly with Sutro & Co. and M. H. Lewis & Co., is now affiliated with **Davies & Co.,** Pacific Mutual Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William E. Lawson** has joined the staff of **Leo G. MacLaughlin Co.,** 54 South Los Robles Avenue, Pasadena, Calif. Mr. Lawson was previously with Transcontinent Shares Corporation and Swallow & Co.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Albert S. Fish** has joined the staff of **United Securities Corporation,** Biscayne Building.

(Special to The Financial Chronicle)

ORLANDO, FLA. — **Edgar Arthur Densmore** is now with the **United Securities Corporation** of Miami. Mr. Densmore was formerly with Guaranty Underwriters, Inc. and prior thereto with Thomson & McKinnon.

(Special to The Financial Chronicle)

SACRAMENTO, CALIF.—**James C. Griffith** has become affiliated with **Bankamerica Company,** Bank of America Building. In the past he was with the local office of Mason Bros.

Jacobson Joins Dept. of Smith, Burris & Co.

CHICAGO, ILL. — R. Donald Jacobson has joined Smith, Burris & Company, 120 South La Salle Street, as assistant manager of their expanded trading department, it is announced. The firm, which has long been prominent in investment trust issues, has expanded its facilities to include service on all issues. Mr. Jacobson was formerly an officer of Lowell Niebuhr & Co., where he specialized in investment trust issues.

Oil Royalties Attractive

Oil royalites offer an interesting and particularly timely investment, according to Tellier & Co., 52 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, since oil is vital for the successful operation of modern, mechanized warfare and new uses for oil are constantly being developed by modern research methods, including the manufacture of synthetic rubber. In addition, according to Tellier & Company, returns from oil royalties are based upon gross production of oil, rather than on net profits as in the case of preferred and common stocks, and also because this type of investment carries a substantial income tax deduction privilege. An interesting list of current offerings of oil royalties as filed with the Securities and Exchange Commission has been prepared by Tellier & Co., from whom copies of the list may be had upon request —ask for Schedule "A."

Steiner Rouse Add Three

Steiner, Rouse & Company, 25 Broad Street, New York City, members of the New York Stock Exchange, announce that Daniel Loeb, formerly of Newburger, Loeb & Co., John Gordohn, and Louis A. Finkelstein are now associated with them.

Lester Holt Joins Staff of Riter Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Lester H. Holt has become associated with Riter & Co., 134 South La Salle Street. Mr. Holt was formerly Vice-President of Duryea & Co., Inc. and prior thereto was with Brown, Bennett & Johns, Inc. and R. H. Smart & Co. In the past he was an officer of Kitchen, Holt & Co.

Holley Retires From Firm

CHICAGO, ILL.—John M. Holley, Jr., who is on active duty as a lieutenant in the army air force, has retired from partnership in Holley, Dayton & Gernon, 120 South La Salle Street. Lt. Holley will continue an inactive membership on the Chicago Stock Exchange. Holley, Dayton & Gernon will continue in the investment business as a non-member firm.

Anderson At Harris Upham

(Special to The Financial Chronicle)

CHICAGO, ILL. — William T. Anderson has become affiliated with Harris, Upham & Co., 135 South La Salle Street. Mr. Anderson was formerly with Swift, Henke & Co. for many years.

Dealers Continue To Register Unqualified Disapproval Of Minimum Capital Proposal

(Continued from page 90)

1732 had a musket, a Scotch claymore, three dirks and about two pounds "Scotts." To the first redskin who questioned his capital he presented the business end of the claymore. The capital question did not come up again. As I do not use the claymore at present I will be glad to offer a cash reward to any one who will get out an injunction for a court action.

Where is the SEC? I thought they were democratically inclined. Yours disgustedly.—(A New York City Dealer)

DEALER NO. 31

Your story of the trader who had little capital but plenty of "guts" and integrity is distinctly an American ideal.

What these clerical-minded statisticians lack is an understanding that while in Wall Street and other financial centers the amount of the contract may loom large, yet the chance of loss is only the difference between the bid and asked price.

That is a $100,000 contract may only involve a difference and liability of less than $500—possibly not over $50. $25,000 capital will not protect any plunger's contracts.

The only real factor is the character, experience and truthfulness of the contractor.—(From a Boston, Mass., Dealer)

DEALER NO 32

I like your aggressive attitude opposing the minimum capital proposal of the NASD (stands for "Now Assassinating Small Dealers." . . .)

I have spent several months devoting nearly 75% of my time as County Chairman of War Bond sales. It has cost me several hundred dollars for the time. My reward for unselfish patriotic work came in the form of a request from the NASD that I consider myself an undesirable citizen, without a free right to engage in any chosen business because I don't have enough capital. I think that's just dandy!

Why not raise the capital requirements so the RFC could be the only one to qualify? I'm hoping some of the firms with $25,000 capital who vote for this suddenly find a new ruling requiring $35,000 capital—ad infinitum.

I'm not accurately aware the NASD ever helped me earn a dollar—yet they wonder if I'll approve their move to put me out of business.

I guess they don't understand human nature very well.

Even the righteous who have sufficient capital may become alarmed at the demise of the small dealer when they have something slow and sticky to sell. Please do not quote name or CITY or STATE.—(From a Western Dealer)

Dealer No. 33

Let me take this opportunity to congratulate you on the fight you are putting up for the cause of the small dealer. We find ourself heartily in agreement with the attitude of your editor, and with the attitude of a vast majoriy of the small dealers with refcrence to the recently proposed NASD amendments.

We were particularly impressed with the story which has appeared in the issue of July 2, of the dealer who at a great sacrifice, raised a small stake to start in business. We believe that this story is typical of a vast majority of investment dealers.

We are confident that mature consideration of these amendments by the large trading houses and the distributors of shares of investment funds, will place these houses squarely against the passage of these amendments.

One or two dealers have suggested that there should be some organized opposition to these amendments. We are heartily in accord with this attitude, and would gladly join an organization to defeat this obvious plan to eliminate the majority of small dealers from the investment business. We would appreciate it if you would not use our name, should you see fit, to use any portion of this letter for publication.—(From a Cedar Rapids, Iowa, Dealer)

DEALER NO. 34

I have read with much interest the editorial in your issue of July 2nd by Joseph Haynes with regard to the proposed financial requirements for NASD membership. Certainly Mr. Haynes makes out an excellent case for sympathizing wholeheartedly with "John Bowman," but beyond that I cannot follow him.

The carrying-on of a securities business requires, in my opinion, considerably more than a reputation for honesty and a long experience, although these two are certainly among the requirements which I would lay down also. The handling of money and investments for customers needs also some organization for accounting, as well as for investigation, analysis, and service of various kinds. It needs the ability to carry a substantial amount of insurance; and it also requires, in my opinion, enough financial strength so that in the event of unforeseen difficulties or errors there is someone to whom his customers may look for recovery.

A man in business for himself who has not as much as $5,000 to protect his customers and to carry on his business has no more justification for being in business for himself than a bank or a trust company would be justified in accepting deposits and trusts without any capital to protect them. State and Federal laws have rigid capital requirements for banks and trust companies which handle money and securities for their customers and I doubt if anyone can be found who would seriously object to this, even though it might well be said that "John Jones," who has been twenty years an officer of a bank and whose reputation for honesty is of the highest, could do the work without any capital just as well as someone else who has a substantial capital.

You may say that "John Bowman" will clear all of his transactions through someone else, assuming no responsibility himself for anything except the actual sale, but, even if "John Bowman's" business is comparatively small as the securities business goes, he will, in the course of a year, do a very large amount of business in actual dollars. It is humanly impossible at times to avoid mistakes which have to be rectified, and to expect the public to do business with a man who has no resources is, in my opinion, very little different from asking the public to put money in a bank which has no capital of its own, or leave securities with a trust department under a trust agreement when there are no resources to protect it.

It is my own belief that, far from being an unreasonable or unduly onerous requirement, it is ridiculously low, and that the capital

(Continued on page 103)

RAILROAD SECURITIES

The unnecessary speculative risks inherent in following a rumor market were graphically demonstrated during the last few weeks by the sharp drop (about 50%) in quotations for the Wisconsin Central Superior & Duluth Division bonds in a span of two days following denials by Canadian Pacific of reports that they had been, or were contemplating, purchasing the bonds, or the property securing them. With this example of rapid price depreciation fresh in their minds, rail men have been adopting a more cautious attitude towards low priced bonds, and one recommendation being made is the sale of Missouri-Kansas-Texas Adjustment 5s in favor of similarly priced reorganization bonds where fundamental worth is more clearly discernible. It is felt that there could be little justification for higher prices for the "Katy" Adjustments except on rumors of an interest payment and that any such payment is not at all likely.

The "Katy" management has a hard row to hoe if the breathing spell afforded by the war induced earnings boom is to bring any permanent improvement in the company's chances of survival. The road's debt structure is obviously top-heavy, supportable only under the most auspicious circumstances. In seven of the 10 years 1932-1941 the company failed to cover its fixed charges, exclusive of interest on the adjustment bonds. The peak earnings, realized in 1936, showed fixed charge coverage of only 1.13 times while in the other two profitable years, 1932 and 1941, the coverage was a bare 1.01 times. Obviously such a feeble record was a serious drain on the company finances.

By the time the armament upturn got under way the company had exhausted all of its own resources and virtually, if not actually, all of its borrowing power. Had the upturn been delayed a matter of merely a few more months it is difficult to see how the road might have avoided recourse to court protection. If such a spectre is not to be raised immediately at the end of the war boom, all efforts of the management for some years to come will have to be devoted to strengthening of finances and reduction of debt.

With the wide improvement that has been registered in earnings so far in 1942, the company's cash balance as of the end of last April amounted to $4,768,000. As against this, however, there is still an unpaid balance of $2,314,-000 on the RFC loan and it is believed that substantial sums must still be spent on property rehabilitation. Net income for the full year will probably not run much, if any, above the amount of the RFC loan. It is hardly conceivable that any attempt would be made to pay interest on the Adjustment bonds at least until the RFC had been satisfied. After that has been accomplished, or perhaps before, if the RFC will wait, the management certainly should start buying in its own bonds.

Judging by past performances, the company should try and reduce its fixed charges at least by 50% through debt retirement in the high earnings period if it is to emerge into a possible post-war recession in a reasonably secure position. In this connection, the war earnings should not be taken too seriously as the road does not appear likely to gain any substantial permanent benefits from war construction, such as other territories (that of Western Pacific for instance) are doing. Too much of the war activity in the "Katy" territory consists of temporary factors such as army camps, shell loading plants, explosives, etc., and the movement of oil by rail. The fundamental weaknesses, including non-rail competition, will again arise, and may be accentuated, in the post war years when the company will also be burdened with the heavier wage costs.

One of the issues being recommended as a good exchange from the "Katy" Adjustments is the St. Louis-San Francisco Consolidated 4½s, 1978, selling more than five points lower. It is pointed out that during the war boom period the holders of the 'Frisco bonds are fairly well assured of at least some income return. Also, after the war, the commitment will represent a holding in a company soundly recapitalized with a realistic eye towards the deterioration in the railroad picture as a whole. If "Katy" is forced to go through reorganization at some time, the Adjustment bonds could hardly emerge with anything more than new common stock. The 'Frisco 4½s, on the other hand, are to receive $169.24 in a new First Mortgage 4% fixed interest bond, and $121.62 in Income 4½s in addition to some preferred and common stock. The present selling price of the bonds does not even represent the full face value of the sound First Mortgage bond they are to receive.

New SEC Volume Issued

The Securities and Exchange Commission announced on July 2 that Volume 8 of its Decisions and Reports has been printed and bound in buckram. The volume, which contains all findings and reports of this Commission, covers the period from Sept. 1, 1940, to March 31, 1941. In addition, the volume has an index-digest of the cases and a table of cases reported citing sections of the Acts involved, says the Commission, which adds:

"There were no individual paper covered parts printed for Volume 8 as in previous volumes. The volume is complete in itself and may be obtained from the Superintendent of Documents, United States Government Printing Office, Washington, D. C., for $2.00 per copy."

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40¾; low—14¾; July 8 price—35.

Bank and Insurance Stocks

This Week—Insurance Stocks

Recurring questions from time to time on insurance stocks are what is their degree of activity, how well are they distributed, how good is their market, etc. No categorical answers can be given to these questions, since so much depends on the particular stock, the sponsorship of dealers, and the size of the block.

Much progress has been made in the past 20 years in the distribution of insurance stock ownership. Insurance stocks went through the boom years' process of capital increases and split-ups in connection with acquisitions, although not to the same extent that characterized the bank stocks, and since 1929 investment companies and dealers specializing in insurance stocks have done much to extend this diffusion of ownership.

It should be remembered, however, that capitalizations of most insurance companies are quite moderate. Among the larger companies, capitalizations of 1,000,000 shares or more are relatively rare. Despite the substantial recovery in surplus since the 1932 lows, most managements are disinclined to capitalize surplus that totals several times capital, although the possibility of profitable stock dividends remains a promising potentiality when more stable general conditions are restored. Also, with reinvested earnings providing steady internal growth in surplus, there is no general need to increase capital by means of rights to subscribe to additional stock, since capital funds are quite sizable in relation to even expanded premium volume.

Considering, therefore, the moderate capital structures of fire and casualty companies, distribution of their shares is relatively widespread. "Insider" interest, as measured by holdings reported for directors, is small. Some investors often ask why this should be so. If insurance stocks are such sound investments, they reason, why are directors' holdings so small?

Insurance stocks are sound investments, and the mere fact that reported holdings of directors are small should not be taken to mean lack of faith or support for insurance stocks as investments. The fact is, that insurance stocks are held by many directors' families, estates and interests with which they are identified, particularly investing institutions. The ratios of direct holdings, which do not include beneficial holdings, have their limitations as a guide to insider interest in the companies. If direct holdings by directors were much larger, thus narrowing the markets for insurance stocks and placing them on a negotiation basis for large blocks, marketability would suffer.

Then, too, in the case of some companies, the management's total interest is carried through identical stock ownership and holding companies organized for the purpose of assuring working control. In constructing group affiliations, parent companies, of course, use both direct ownership as well as holding companies in carrying affiliates.

It also does not necessarily follow that market activity of insurance stocks varies inversely with their average holding per stockholder—becoming more active as the average holding is lower. Actual experience shows that small holders are essentially investment minded, and that it is difficult to add to the floating supply from this source, in normal times. However, in the last depression, when various major companies got into difficulties with mortgage guarantees and market depreciation of securities, institutional holders undoubtedly had better ability to carry holdings through the times. One major company has since 1932 broadened its distribution of stock ownership to national proportions, by reduction in ratio of large local holdings, thus adding materially to marketability of the shares.

Because optimum results in insurance stocks are obtained by holding over periods of time, to allow the reinvestment of earnings process to compound values, some traders are inclined to avoid insurance stocks as too inactive for trading operations. The fact that only a very few insurance stocks are listed is also cited as evidence of inactivity. Actually, however, insurance stocks are quite responsive to general market movements. This must necessarily be so, since the major portion of liquidating values and current earnings depends on fluctuating open market values and investment income. Listing, it has been seen, does not mean increased marketability; in fact, some listed issues would probably be more active over-the-counter, where dealers could give them the sponsorship they lack at the inactive post on the exchange.

The following table shows the ratio of holdings of directors to total capitalization, as well as the average holding per stockholder, of various leading fire and casualty companies as of Dec. 31, 1941:

Stock Selling at:	Directors' Interest	Average Holding Per Stockholder
Under $10:		
Firemen's (Newark)	1.8%	144
Maryland Casualty common	3.1	140
$10-$20:		
American (Newark)	2.6	167
Camden Fire	4.7	104
New Amsterdam Casualty	3.5	96
$20-$30:		
Continental Casualty	2.0	108
Great American Insurance	2.1	125
Hanover Fire	2.2	64
North River	7.0	239
Providence Washington	2.9	97
U. S. Fidelity & Guaranty	5.9	107
$30-$50:		
Aetna (Fire)	1.5	86
American Surety	5.3	76
Continental Insurance	1.5	121
Federal Insurance	10.1	396
Fidelity-Phenix	1.2	150
Fire Association	1.2	54
General Reinsurance	2.2	116
Hartford Steam Boiler	5.0	133
New Hampshire Fire	12.6	97
Seaboard Surety	4.7	125
U. S. Fire	2.3	310
$50-$100:		
Fireman's Fund	1.3	68
Hartford Fire	2.1	101
Ins. Co. of North America	0.8	90
Mass. Bonding & Ins.	14.3	70
National Fire	3.0	106
Phoenix	0.5	100
U. S. Guarantee	17.8	264
Over $100:		
Boston Insurance	0.3	23
Fidelity & Deposit	2.6	38
Northwestern National	5.4	64
St. Paul Fire & Marine	7.3	97
Springfield Fire & Marine	0.9	53

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer to Henry Rogers Winthrop of the Exchange membership of the late David V. Morris will be considered on July 16th. Mr. Winthrop will continue as a partner in Winthrop, Whitehouse & Co., New York City.

The proposal that W. Herbert Davis act as alternate on the floor of the Exchange for John H. Brooks, Jr. will be considered on July 16th. Both are partners in J. H. Brooks & Co., New York City.

Hugh Knowlton retired from partnership in Kuhn, Loeb & Co., New York City, as of June 30th.

Wilbur F. Smith & Co., New York City, dissolved as of May 19th, 1942.

Old Ben Coal Attractive

An interesting supplementary memorandum on the first mortgage 6% bonds of Old Ben Coal Corporation has been issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of the memeorandum describing recent developments affecting this issue may be had from Scherck, Richter Company upon request.

Insured Investment For Investors And Trustees

The Fulton County Federal Savings & Loan Association, Ground Floor Trust Co. of Georgia Building, Atlanta, Ga., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings & Loan investments full particulars. Current dividend rate of 3½% per annum.

Now Dargan & Co.

SPARTANBURG, S. C.—The investment firm of Dargan, Brannan & Co., Montgomery Building, has been succeeded by Dargan & Co. which will maintain offices in the same location. Officers of the new firm are Robert L. Dargan, President and Treasurer, and H. Julienne, Vice-President and Secretary.

Youths 18-20 Register

About 3,000,000 youths of 18, 19, and 20 years old were registered for possible military service on June 30 under the Selective Service System. The completion of the fifth registration increases the nation's pool of manpower to about 43,000,000.

There were approximately 40,000,000 men between the ages of 20 and 65 registered in the four previous drafts, of which about 27,000,000 between 20 and 45 are subject to military service.

No national lottery will be held for the new registrants since they cannot be called for induction until they have reached their 20th birthday. Local draft boards will simply classify them by the dates of birth.

Congress will first have to amend the law before the 18 and 19 year-olds can be drafted. An item regarding the postponement of such a request to Congress appeared in our June 18 issue, page 2301.

Tomorrow's Markets Walter Whyte Says—

Despite bad war news market makes new high. Secondary uptrend signal now given. Primary trend still not bullish. Market needs good news to resume advance, failing that look for minor reaction.

By WALTER WHYTE

The news is still bad. True, the Nazi march into Egypt appears to have been checked but the offensive against Russia seems if anything to have gained new momentum. In the interim the Japs have managed to take another island in the Aleutian chain.

* * *

Odd, how in the face of such news the market manages to not only keep its head above water but actually advance.

* * *

For example, last Friday when official word reached us that the inner defenses of Sevastopol had been breached the market advanced almost a point. On Monday with its accumulation of week end news highlighted by the German High Command communique that its forces had crossed the Don River, the market went up another two points. In fact its advance carried it across all recent resistance points to 106.34 in the Dow Jones industrial averages.

* * *

Why the market acts this way in the face of the news from abroad is hard to figure. Some market technicians claim it is getting its cue from domestic rather than from foreign developments. I don't believe it. It isn't what Congress does that will settle the fate of this war. More often than not what Congress doesn't do affects us much quicker.

* * *

Other sources claim that the reason for the market advance is the post war kickback clause that is supposed to keep business from foundering. Well, all I can say about that one is, if anybody buys securities solely for this reason he's going to have a pretty large aspirin bill.

* * *

No, the more I look at it the more I'm convinced that what happens on the different fighting fronts will determine the fate of American business and industry and its correllary, the American securities markets.

* * *

In spite of everything that may have been said against them the averages are, if anything, frank; more so than the inspired communiques from authoritative quarters. In making a new high in the beginning of this week they said the market was going higher. This doesn't indicate however that the advance will take place immediately. On the contrary, the very fact that an advance to such a new high was seen is indicative of a nearby setback. If that seems paradoxical remember that the stock market is full of paradoxes.

* * *

If you don't like riddles just take a look at the market and see how in the past two or three months the market made three attempts to go through but each time after managing to crawl up to a new high it sagged back.

* * *

The most recent advance began about July 1, when the Dow average was at about 102. In four trading days it managed to cross 106. This latest move carried it slightly above the highs made first in the beginning of June and second in the middle of June. Under ordinary conditions a three time attempt to carry across previous obstacles with the third try successful would be indicative of a powerful nearby move. This would be further emphasized if interim declines held above previous lows. This is the case today. live up to its technical prom-

(Continued on page 100)

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on July 6 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated July 8 and to mature Oct. 7, which were offered on July 3, were opened on July 6 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $646,058,000.
Total accepted, $300,056,000.

Range of accepted bids (except for three tenders totaling $75,000):

High 99.925 equal rate approximately 0.297%.

Low 99.906 equal rate approximately 0.372%.

Average price 99.908 equal rate approximately 0.365%.

15% of the amount bid for at the low price was accepted.

Maria Hays Joins Staff Of Berwyn T. Moore Co.

(Special to The Financial Chronicle)

LOUISVILLE, KY.—Maria M. Hays (Mrs. E. W. Hays) has joined the staff of Berwyn T. Moore & Co., Inc., Marion E. Taylor Building. Mrs. Hays has been active in the securities business in Louisville for the past thirty years. Recently she had been associated with Dering & Co.

UP-TOWN AFTER 3

ABOUT-THE-TOWN . . .

Hotel George Washington (Lexington at 23d St.). A family kind of hotel set in the heart of a commercial neighborhood. A pleasant pine-paneled dining room serves good food at moderate prices. Service is only fair, but general atmosphere makes up for it. Right now the hotel is pointing proudly at its **"23" Room.** This is on the main floor. It's a largish low-ceilinged kind of a place, devoted to song and drink. No dancing. Entertainment comes from **Dorothy Ross,** who is supposed to play boogie-woogie better than Hazel Scott. She is a pert dark eyed little thing who discovered her talents while selling sheet music at a Kresge music counter. Doesn't sing badly but knows her ready wit and personality are stocks in trade. She uses both to good advantage bandying witticisms with her audience. Funny, too. Then there is **Johnny Andrews,** a storehouse of the song hits of away back. Remarkable for one so young. Both entertainers accompany themselves on the piano. Another feature of the "23" Room is the willowy attractive **Phyllis Sage.** She is a reader of palms with a Washington following that is awe-inspiring. Understand that the wives of our national pooh-bahs make special trips to New York at regular intervals to consult this oracle. When Miss Sage reads your palm she reads them both at once. This forces you to keep both hands on top of the table, a distinct drawback to Lotharios on the prowl. According to Miss Sage our traits are both admirable and plentiful, a condition that we have long labored to convince our wife of with but mediocre success. Oh, yes, the "23" Room also features a "23 Cocktail" that sells for 23 cents. Sorry, don't know its ingredients. . . . **SCENES IN THE NIGHT.** . . . New York's ex-honorable **Jimmy Walker** walking up Madison Ave. hatless and arguing out loud with himself. . . . **George J. Nathan** and prolific playwright, **William Saroyan** at the **Penthouse Club** talking loudly while **Nayara** tries to sing. And **Paul** (piano, solovox, organ) **Taubman** shrugs his shoulders helplessly for (1) he can't tell guests to shut up and (2) Saroyan just offered him part in next show. Aside to Paul Taubman: Bill Saroyan offers parts all over town but few offers materialize. . . . **Earl Rodney,** ex Merrill Lynch, etc., etc., partner, outside of **Fefe's Monte Carlo** with the cast of **"Chocolate Soldier."** He's backing the show. . . . **Judy Garland** dining at the **Cafe Pierre.** Looks just as attractive in person as she does in pictures. . . . **Vick Knight,** CBS executive producer, displays congratulatory wire from MGM star **Kathryn Grayson.** Story behind the wire: Few years ago Knight discovered talented girl. Her name was Selma Hendrick. He spent $700 to give her singing and acting lessons but couldn't sell her to radio. So he arranged screen tests and sent her to Hollywood. She clicked but the studio changed her name. It's no longer Selma Hendrick. It's Kathryn Grayson.

Investment Trusts

Confirmation Of A Trend

Last May this column had the temerity to suggest that the long-awaited turn in the ebb tide of security prices was at hand. A number of "indicators" which supported this viewpoint were cited—and among them were some of the leading investment company managements and their sponsors.

But there was one indicator which we did not mention. And when we tell you what it is, you will undertsand why we hesitated to discuss it. Briefly, this indicator is a series of mathematical formulas which have been developed by a man of our acquaintance.

Anyone who has had experience in buying and selling securities either for investment or for speculation is likely to look askance at any and all mechanical "systems" for indicating changes in the market trend. Yet we must confess that we have come to give considerable weight to the "signals" which our friend from time to time derives from his work. This attitude on our part springs not only from the record of his forecasts, but also from his personal investment results. When a man can show a steady though not spectacular increment to his investment capital in each of the past three years, it becomes difficult to argue with his methods. Moreover, his own estimate of the worth of his device is made clear by the amount of time and money he spends on it, as well as by his firm insistence that it is "not for sale." (Incidentally, he has an excellent background as a security analyst and he uses great care in the selection of individual issues.)

To make our point, this man confided in us on April 28, last, that his "intermediate" (longer term) trend indicator had turned upward for the first time in nearly a year. In view of this background, we thought it might be of interest to report that a confirmation of the upward trend was indicated the early part of this week.

Investment Company Briefs

National Securities & Research Corporation:

Having "called the turn" in the preceding week, this organization in its "Investment Timing" bulletin dated July 2, 1942 sums up as follows: "There are some signs of the beginning of a deterioration in the market structure. This condition may be only temporary, but its present existence warrants caution by those on the long side of the market. Somewhat higher prices may and probably will be seen in the next few days, but the action of the market registers danger, and a downward movement could begin at any time."

...changes during June in the various Funds sponsored by National Securities & Research Corp. involved National Preferred Stock Series, National Low-Priced Common Stock Series and First Mutual Trust Fund. *Additions:* Curtiss-Wright "A"; Tennessee Corp.; Warner Bros.; American Gas & Electric; Detroit Edison; Dow Chemical; Montgomery Ward; Standard Oil (Ind.); Owens Illinois Glass; Rayonier, Inc.; Underwood Elliott Fisher; Westinghouse Electric. *Eliminations:* Glen Alden Coal; Woolworth; N. Y. Central & Hudson RR. "A" 4½s, 2013; N. Y., Chicago & St. Louis RR. 5½s, 1974; Southern Pacific Co. 4½s, 1981.

* * *

Hugh W. Long & Co., Inc.:

In the July 1 issue of the "New York Letter," recent earnings of the railroads represented in the Railroad Series of New York Stocks, Inc., are tabulated as follows:

FOUR MONTHS ENDING APRIL 30, 1942

	Net Income Per Share 1942	Net Income Per Share 1941
Atchison	$4.22	$ .60
Atlantic Coast Line	8.30	4.96
Great Northern	.20	†.56
Illinois Central	3.75	2.26
Kansas City So. pfd.	5.82	2.69
Kansas City So. com.	1.85	.56
Louisville & Nashville	3,59	3.63
New York Central	1.15	1.06
N. Y., Chicago & St. L., pfd.	7.32	7.18
Northern Pacific	.54	†.29
Pennsylvania	*.66	.74
Southern Pacific	4.00	1.69
Southern Ry. pfd.	8.98	7.33
Union Pacific	2.66	.44
Averages	3.79	2.31

*After retroactive revision of railway tax accruals. †Deficit.

(Continued on page 98)

Municipal News & Notes

Financial reports of many States which closed their fiscal year periods last week were very good, as evidenced by subsequent news items gleaned from various sections of the country. However, the impact of the war on State finance is not to be discounted, a point that was stressed by Governor Lehman in submitting New York's findings. Gasoline and tire rationing are reducing sharply collections from motor fuel and motor vehicle taxes. Even if income tax receipts should increase heavily from expanding national income, it is to be assumed that total tax collections could decline materially during the fiscal year just begun.

The financial outlook in New York and other States is clouded on the expenditure side also. During the past fiscal year, the States expended $8,487,000 less than budget estimates, reflecting increased employment and prosperity. Priorities and other restrictions limit public works, outlays. But the war could, at any time, force the State Government to make special outlays reaching substantial proportions for the evacuation of civilian populations and similar extraordinary measures.

The sound fiscal policy for all State and city governments, under such conditions, is to proceed cautiously in reducing taxes, for budget results could change for the worse at any time. Emphasis should be placed rather upon the elimination of unnecessary outlays, the retirement of indebtedness and the building up of reasonable reserves that would permit these governments to tide themselves over a period of deficits which could occur because of a drying up of some sources of revenue or unexpected emergency outlays. A policy of reducing taxes because a surplus is reported for one or two years could lead to real embarrassment at any time, but in a war emergency it is particularly perilous.

N. Y. State In Strong Financial Position

New York State began its fiscal year last week with an operating surplus of $47,098,163 and an accumulated surplus of $54,127,419, Governor Lehman stated. It is the largest surplus the State has had since 1931 and was accomplished in spite of the repeal of the 1 per cent emergency tax and a 25 per cent reduction in the personal income tax, which alone had saved the taxpayers $45,000,000.

The Governor warned, however, that in spite of the gratifying surplus, strict economy must continue, stating:

"There are many problems and uncertainties on the horizon. Gasoline and tire rationing are reducing sharply collections for motor fuel and motor vehicle taxes."

It will be remembered that when Governor Lehman took office in 1932, a depression year, he faced a deficit left by Governor Roosevelt of about $100,000,000. This deficit was reduced gradually and last year the State showed a surplus of $7,029,256, which was added to the $47,098,163 at the end of the fiscal year.

Answering an inquiry by reporters, the Governor estimated relief spending in his administration at "around $700,000,000" of which, he said, $215,000,000 was raised by bond issues. All but $50,000,000 of the bonds have been retired, he added.

N. J. Bonded Debt Reduced

New Jersey on July 1 reduced its bonded indebtedness by $6,820,000.

State Treasurer Robert C. Hendrickson announced that the issues retired included $6,000,000 in road bonds, $700,000 in highway improvement bonds, and $120,000 in institutional construction bonds.

Mr. Hendrickson said in a statement "the average reductions in debt service charges in the next eight years will approximate $8,000,000 annually."

The $6,820,000 reduction will leave New Jersey with a gross debt of $98,850,000, which, less $38,000,000 in the sinking fund, would make a net debt of $60,850,000, Mr. Hendrickson asserted.

Va. Local Debt Study Shows Many Decreases

Detailed study of the bonded debt of cities in Virginia as of Dec. 31, 1941, made public recently by the League of Virginia Municipalities, discloses that only four of the 18 cities studied showed an increase in the per capita total net indebtedness compared with records 10 years ago the same date.

Largest percentage decrease for any city was that for Martinsville over the 10-year period, 40%, while the greatest increase, that for Roanoke, 65%.

In the case of Roanoke, the report expressed belief that the increase was caused by utility indebtedness that will be paid for out of earnings.

The report showed for Richmond a 13% decrease in per capita total debt from Jan. 1, 1931, to Dec. 31, 1941, dropping from a per capita total net debt of $156, 10 years ago, to $136 this past December. Total net debt for Richmond as of the last day of 1941 stood at $26,297,724—the largest in the State, with Norfolk ranking next with $23,745,903.

Population of the cities studied increased 11% from 1930 to 1940, the report showed, while the total gross indebtedness increased only 3% during the period, and the total of sinking funds increased 55%. The total net indebtedness reported decreased 9% during the 10 years, and the per capita total net indebtedness decreased 17%, or from $157 per capita as of Jan. 1, 1931, to $130, Dec. 31, 1941.

Mass. Legal List Issued

Joseph Earl Perry, Commissioner of Banks, has issued as of July 1, a list of investments considered legal for savings banks in Massachusetts. Inquiries should be directed to Mr. Perry at the State House, Boston, Mass.

Fla. Cities' Financial Data Prepared

Allen & Co., 30 Broad Street, New York City, have prepared a sheet which presents the assessed valuation and net bonded debt of various Florida cities for the years, 1941-1942. Copies may be obtained by interested parties upon request and without obligation.

New Orleans Bond Retirement Plan Upheld

The Louisiana Supreme Court has upheld New Orleans' right to reduce interest rate on $12,000,000 of public improvement bonds and call them before maturity.

This affirmed a lower court decision which denied application for an injunction to restrain the City Council and Board of Liquidation from carrying the plan into effect.

The bonds, bearing date of July 1, 1900, mature July 1, 1950, and carry interest at 4% per year. Under the statute authorizing the issuance the city after July 1, 1942, was given the right to call the entire issue, paying par and accrued interest.

Resolutions adopted by the council and board in June specified the plan would not be carried out unless approved in writing by 90% of the bondholders.

Those approving the retirement plan must surrender bonds to New Orleans banks designated as depositories by Dec. 1, 1942, and refunding bonds will be issued them at 2%. Those not in accord with it will be paid off at par and accrued interest not later than Dec. 1, 1942.

Detroit Requests Bond Bids

Formal call for bids on $17,143,000 Detroit, Mich., refunding bonds, the final step in the city's refunding program, was issued

Tuesday by Controller Charles G. Oakman, the opening to take place next Tuesday morning.

A program involving the sale of some $33,000,000 of new bonds to refund outstanding higher coupon issues was discussed earlier this year. The original plan was revised, resulting in the marketing of a $16,758,000 issue March 31, on an interest cost basis to the city of 2.7238 per cent.

The bonds, which will be general obligations of the city, will mature in varying amounts from July 15, 1943 to 1962. Interest rates not to exceed 3½ per cent are specified for all maturities through July 15, 1961, and not to exceed 3¼ per cent for the final maturity.

"In the event that prior to the delivery of the bonds the income received by private holders from bonds of the same type and character shall be taxable by the terms of any Federal income tax law, the successful bidder may, at his election, be relieved of his obligations under the contract to purchase the bonds and in such case the deposit accompanying his bid will be returned," according to the controller's announcement.

FPHA Temporary Loans Offered

Sealed bids will be considered by 39 Local Housing Authorities in the near future for the purchase of temporary loan notes aggregating $83,299,000. Offers will be opened on $50,459,000 next Tuesday, on $28,675,000 July 21, and on $4,165,000, July 24.

More than one billion dollars of similar short-term obligations have been sold heretofore by various housing units around the country, all at competitive bidding. These notes usually go direct to banks which purchase them for their own portfolios, although certain dealers have competed for this business. While the note issues are obligations of the various local housing authorities or agencies, the Federal Public Housing Authority (formerly USHA) plays an important part in arranging for periodic offerings of groups of issues, all of which to date have sold readily at extremely low rates of interest.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

July 14

$17,143,000 Detroit, Mich.
On March 31, the city awarded a previous issue of refunding bonds to a syndicate headed by Bankers Trust Co. of New York. Second best bid was entered by the First National Bank of New York, and associates.

July 15

$15,378,000 Atlanta Housing Authority, Ga.
Of the above total, not more than $12,500,000 will be allotted to public bidders, the remainder to be taken by the FPHA, as Series B bonds.

July 17

$2,976,000 Cuyahoga Co., Ohio
In March the county awarded bonds to a syndicate headed by A. C. Allyn & Co. of Chicago. Second highest bid was submitted by Prescott, Jones & Co., Inc., of Cleveland and associates.

July 20

$480,000 Akron, Ohio
Although slightly under the required amount, this offering is included because of general reader interest. Prior award, on June 1, went to syndicate headed by Fox, Reusch & Co. of Cincinnati. The Ohio Co. of Columbus, and associates, second best bidder.

July 21

$4,000,000 South Carolina (State of)
Similar highway certificates of indebtedness were awarded last March 31 to a syndicate headed by the Chemical Bank & Trust Co. of New York. Second highest bid entered by Halsey, Stuart & Co., Inc., and associates.

Treasury Promoting Payroll Savings Plan

Following a broad program to put the power of an organized promotional campaign behind the Payroll Savings Plan, the United States Treasury Department has made available to nearly every business firm in the country a complete set of promotional material. All this material is designed to help business firms achieve more quickly the goal of at least 10% of payroll invested in War Savings Bonds, says the Treasury announcement of July 3 which adds:

"Nearly 100,000 of the nation's business firms have already installed, and are operating under, this plan which permits systematic purchases of War Bonds by employees through voluntary allotments from each worker's pay envelope. In most cases the management of the company absorbs the entire cost of administration and bookkeeping—and the plan is so simple in its operation that this expense is normally quite modest.

"Experience has proved that the Payroll Savings Plan is most effective when stimulated by a well planned, fast-moving program to explain the operations and benefits of the plan and see that it is properly sold to each employee.

"Accordingly, the War Savings Staff, with the voluntary assistance of some of the nation's ablest advertising and merchandising men, has prepared and made available complete sets of material that will assist every company in putting on a sustained and successful drive.

"This material is distributed through the offices of the War Savings Staff's State Administrators. Any company desiring to get a plan rolling at once is invited to call their local State Administrator's office and request quantities as needed."

The Securities Salesman's Corner

Determining Customer's Preferences In Securities An Important Sales Factor

There is an old familiar saying, "It is a difference of opinion that makes a horse-race." Securities buyers, the same as any other group of people, also have their individual likes and dislikes for various kinds of investments. A salesman who disregards these pet leanings on the part of his customers may often suggest a timely purchase only to be rebuffed because of some particular prejudice for, or against, a certain security.

Some years ago, the writer had a client with whom he became quite friendly. One day at luncheon, we happened to mention that a certain stock of an alcohol manufacturer appeared to be attractively priced and suggested that this individual might take on a few shares. For the next half hour, it was our task to sit quietly and absorb one of the best lectures on the evils of everything from moonshine to gin that we have ever heard in our life. The more our friend talked, the more heat he generated—a half dozen highballs couldn't have had a greater effect on his blood pressure. Of course, we didn't make the sale and several months passed before we did business again. This was an unusual case but it illustrates the point. Here was a man, who had a strong prejudice. He hated liquor in any form — he hated it so that he couldn't conceive how anyone could ever put their money into a company that manufactured the stuff. He also didn't like the idea that we suggested it. Maybe he was unreasonable, biased and bigoted, but these are the things that salesmen get paid for finding out and **evading** when they go out to do business.

There are people who buy only bonds. Others lean to preferred stocks. Others like common stocks as a long-term investment. Some only care for speculations of the most hazardous type. Rails appeal to one man and they are poison to another. We once knew a man who only bought public utility holding company securities after these companies had been cited under the so-called "Death Sentence" act. Some people are only interested in income. Others like the highest yield situations whether they are stocks, bonds, royalties or what have you. There are people who watch the market—if they have a half a point appreciation they want to take a profit. Income means little to them, dividends are secondary to market action. These predelections on the part of many individuals are the things every salesman must know about before he can successfully do business with his prospects and clients.

This information can be secured very easily without ever giving anyone the least offense. During his interviews a salesman normally should be able to discover these leanings just from the types of securities discussed. Oftentimes a direct question like this should be asked, "Mr. Smith, do you have a preference for any particular kind of investment. That is, bonds, stocks, preferreds or any special industry or class of securities?" The answer should be noted with care and if there is a prejudice it should be recorded by placing this information on the customer's card or any other permanent reference in use by the office.

There may be some who say that it is not to the best interest of a securities firm to sell securities that people want to buy, but rather to sell them the ones they should have. This is a debatable point, but it is probably more important for a salesman and his firm to do business than to put themselves up as investment reformers. After all, there are people who can be led into the paths of prudence and care when it comes to investing, and no doubt, every salesman has the obligation to lead them as wisely as possible. The others who wish to buy what they like, when they like, we also believe should be sold what they like, when they like it. As an example, if you ever tried to sell some of these very attractive appearing traction bonds during the past year or so to some of these people who haven't ridden in a trolley in 20 years you'll know what we mean. You had better sell them what they like or you won't sell them at all. And that's important—isn't it, brother?

Walter Moore II Is Now With Reynolds Co.

Walter Moore II is now associated with Reynolds & Co., members of the New York Stock Exchange and other leading exchanges, as a member of the advisory staff of the New York office, 120 Broadway. He was formerly for a number of years associated with Shields & Co., as manager of the statistical department.

Investment Trusts

(Continued from page 95)

"Net income figures for May are not yet available for all roads. Those which have been published, however, show, in most cases, gains proportionately greater than those of the four months record.

"It becomes increasingly clear that this year the railroads as a class should show common stock earnings even larger than the very satisfactory 1941 figures."

The Keystone Corporation of Boston:

The July 3 issue of "Keynotes" recalls the good old days when a man could invest his surplus and receive 5% with peace of mind. "Perhaps the best way to get 5% and peace of mind in these troubled times," suggests the bulletin, "is to start with a return of more than 5%." How this can be done through a broadly diversified portfolio of "discount" securities is discussed.

* * *

The George Putnam Fund:

Total liquidating value of this fund on June 30, 1942 exceeded $4,913,000 as compared with $4,686,000 on March 31. The total number of shares outstanding increased during the past quarter from 455,539 to a new high total of 473,270. Liquidating value was equal to $10.39 a share on June 30, after providing for the July dividend of 15 cents, compared with $10.29 on March 31.

Bond purchases during the June quarter included $50,000 U. S. War Savings Bonds, Series "G," $38,000 U. S. Treasury 2s, 1949 and $25,000 Continental Gas & Electric debenture 5s, 1958. In the common stock field the Trustees report the purchase of 1,000 shares of Atchison, a new addition to the portfolio, and the following increases in stocks already owned: 1,000 American Gas & Electric, 600 International Harvester, 200 Montgomery Ward, 1,000 North American, 800 Phelps Dodge, 500 Standard Oil of California.

The Fund's entire investments in 2,500 shares of Indianapolis Power & Light common and 700 shares of S. H. Kress & Company common were eliminated during the period.

On June 30 the Fund had approximately 7% of its assets in cash, 41% invested in bonds and preferred stocks and 52% invested in common stocks.

* * *

Commonwealth Investment Company:

"It is time to look for evidences of sound financial condition and the ability to earn and pay a satisfactory minimum dividend, come what may, and to forget about trying to predict the unpredictable pattern of the war," writes D. R. Fuller of this company in a commonsense memorandum entitled "War Stocks vs. Peace Stocks." He makes the point that, "Shifting policies back and forth as the news changes is not only difficult and often costly but is hard on the nerves, both of investment advisers and of their customers."

* * *

The Knickerbocker Fund:

In the sponsors' semi-annual report to shareholders net assets of the fund as of May 31, 1942 are listed at $758,899.76—equivalent to $4.72 per share on the 160,740 shares outstanding as of that date. This compares with net assets of $677,163.49—equivalent to $5.37 per share—as of Nov. 30, 1941.

Dividends

Incorporated Investors:

The Board of Directors have declared a dividend of 20 cents per share out of current earnings for the quarter ended June 30, 1942, payable July 30 to stockholders of record July 11. This compares with a dividend of 17 cents in the previous quarter, and of 17 cents for the corresponding quarter a year ago.

Contractors Quarterly Reports Modified

Emil Schram, President of the New York Stock Exchange, in a statement issued July 1, announces that following discussions between representatives of the Stock Exchange and Headquarters Army Air Forces, Washington, the latter's Policy Bulletin No. 5 has been amended to read as follows:

"War Department requests that contractors to the Army Air Forces engaged in the manufacture and/or assembly of military aircraft, whose contracts with the Air Forces amount to 33⅓% or more by dollar value with relation to their total dollar value of all war contracts refrain from making public quarterly financial reports.

"Nothing in Paragraph 1 shall be construed as prohibiting any contractor to the Army Air Forces from furnishing the Securities and Exchange Commission financial information required by law. When the information required conflicts with current War Department security policies the pertinent information which so conflicts should be marked confidential. (See Rule X-24B-2, General Rules, Securities and Exchange Commission)."

The original Policy Bulletin No. 5, now amended, read as follows:

"War Department requests that contractors to the Army Air Forces refrain from making public quarterly financial reports."

Mr. Schram adds that the War Department was most cooperative when its attention was drawn to the possible implications of the original Policy Bulletin No. 5.

With respect to the amendment, the New York "Times" of July 2 said:

"This is the result of discussions between representatives of the Exchange and Headquarters of the Army Air Forces. The War Department originally took the position that all Army Air Force contractors must refrain from making public quarterly financial reports.

"The aircraft manufacturing industry therefore will not be allowed to issue quarterly reports, but a multitude of other industrial concerns which are subcontractors assemblers or suppliers to the aircraft companies will be able to resume the practice, which the Stock Exchange has recommended and sought to enforce in the interests of security holders for a long period of years."

San Paulo Bond Payments

J. Henry Schroder Banking Corp., New York, as special agent, is notifying holders of State of San Paulo (United States of Brazil) 15-year 8% sinking fund gold bonds external dollar loan of 1921, 25-year 8% secured sinking fund gold bonds external loan of 1925, and 40-year 6% sinking fund gold bonds external dollar loan of 1928 that it has received funds to pay on or after July 1, 1942, 15.05% of the face amount of the coupons due Jan. 1, 1940 appertaining to these bonds. From the announcement we also quote:

"Payment will be made in accordance with the provisions of Presidential Decree No. 23829 of Feb. 5, 1934, promulgated by the Federal Government of Brazil, as modified by Decree-Law No. 2085 of March 8, 1940. The amount of payment wil be as follows: $6.02 for each $40 coupon with respect to the 8% loan of 1921 and the 8% loan of 1925, and $3.01 for each $20 coupon of these loans; and $4.515 for each $30 coupon and $2.2575 for each $15 coupon, with respect to the 6% loan of 1928.

"The acceptance of these payments is optional with the holders, but pursuant to the terms of the decree payment if accepted must be for full payment of the coupons and of claims for interest represented thereby.

"Holders of Jan. 1, 1940 coupons may obtain payment of the amounts prescribed upon presentation and surrender of the coupons for final cancellation at the office of the special agent, 48 Wall Street, New York.

"No present provision has been made for the unpaid interest on coupons which matured prior to April 1, 1934, but holders are advised to hold them for future adjustment."

Danish 6% Loan Interest

For the information of holders of Kingdom of Denmark 20-year 6% external gold bonds, due Jan. 1, 1942, Henrik Kauffmann, Danish Minister in Washington on July 1 made the following statement:

"Arrangements have been made whereby, until further notice, interest for the six months' period ended June 30, 1942, on bonds of the Kingdom of Denmark 6% loan will be paid to holders, other than residents of Denmark, at the rate of 6% per annum on the principal amount. In the absence of coupons covering this payment, bonds should be transmitted at owner's risk and expense direct (or through a local bank) to the fiscal agent, The National City Bank of New York, Coupon-Paying Department, 20 Exchange Place, New York, N. Y. Each of the bonds will be stamped with the notation that the holder thereof acknowledges receipt in full of all moneys due or payable on account of interest on the principal amount for the six months' period ended June 30, 1942. Thereupon the bonds will be returned by registered mail insured, at the owner's risk and expense, together with remittance for interest.

"The interest payment will be subject to such licenses as may be granted to the fiscal agent by the United States Treasury."

Our Reporter's Report

(Continued from First Page)

$734,800,000 floated in the corresponding period last year.

It is clear from the trend of things that States and cities are sidetracking many routine projects until the end of the war either by choice or by necessity.

The natural sequence should be the building up of a backlog of construction of this sort for the inevitable period of transition which comes with the return to peace, involving as it does complete reorientation of industry and unemployment which is certain to be a problem as business shifts from war to normal production.

Work now being put over by the States should consequently serve to help in taking up the strain which the transition to normal pursuits must involve.

Celanese 3½s Moving

The 20-year 3½% sinking fund debentures of Celanese Corporation of America brought out last week have been moving out satisfactorily, as expected, judging by comment in dealer circles.

Brought to market in the amount of $35,000,000 the issue, despite its appeal, was recognized as an undertaking which would require some selling effort due to prevailing conditions marketwise.

Latest indications are that the debentures are in the neighborhood of about 90% sold, indicating about $4,000,000 remaining available.

But from the firmness ruling the market there is little to suggest that tail-end bargain-hunters are going to find any appreciable opportunity for the talents here.

Housing Authorities Active

The dearth in new municipal issues is being filled in partially at least by the rather steady efflux of paper for the account of various Public Housing Authorities.

Consisting largely of short-term notes, financing of this type appeals chiefly to large institutional investors, primarily the banks. Early next week offerings footing up to a total of some $66,000,000 will be open for bids.

The largest of the issues to be sold by 12 Authorities around the country consists of $20,200,000 notes for the Detroit Housing Authority. The Chicago Authority is next with a $16,300,000 issue. Atlanta, Ga., Authority is calling for bids up to next Wednesday on new bonds to provide for the retirement of $15,378,000 now outstanding.

Treasury Rings Bell

Terms worked out by Secretary Morgenthau and his advisers for the current $2,000,000,000 offering of War Bonds hit the "bull's eye" from all indications and big oversubscription appeared certain.

With outstanding 2s commanding a premium, the demand for the new issue carrying a similar coupon, and a nine-year maturity, subject to call in seven years, was all that could have been desired. Some selling of the old issue was indicated for the account of subscribers to the new bonds.

Banks were reported as very substantial buyers with the new issue designed to fit quite comfortably into institutional portfolios.

Backing The Play

Real teamwork between the Treasury Department and the Federal Reserve Board, designed to facilitate the nation's war financing, is indicated.

The Reserve, through its open market committee, has been active on the buying side of the Government market according to trade reports and its operations were expected to reflect in the weekly statement due out today.

It was calculated that purchases intended to bolster the reserve positions of member banks would be shown to have run again in the vicinity of $100,000,000 during the week.

Meanwhile the Reserve Board is now empowered, under legislation just signed by the President, to reclassify banks in the New York and Chicago districts and accordingly reduce their current reserve requirements.

Tilghman & Harvey To Be Edwards Partners

ST. LOUIS, MO. — Allen B. Tilghman and Joshua A. Harvey will become partners in A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and St. Louis Stock Exchanges and other leading national Exchanges. Both have been associated with the firm for some time, Mr. Tilghman as manager of the investment department.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 95)

ises must have news to feed upon. Failing to get such news the market marks time by either going sidewise or reacting. If it reacts it must not violate previous basic levels. In this case the level is approximately 102 in the Dow average.

* * *

From a strict technical viewpoint the market according to Dow's theory, has already signalled a secondary uptrend. To the academic it might be interesting to point out that this is the first such signal since almost a year ago. But before you dive overboard remember that the primary trend is still down. In order to get a primary bull market signal (according to Dow) both averages, rails and industrials, have to decline to the lows of April and then advance to new highs. On the decline the averages cannot break the April lows.

* * *

It is obvious to anybody that to wait until the market completes such a cycle is not only tedious but means that of plenty profit opportunities must be missed.

* * *

If you want news from the home front here is a couple of items I don't think you'll find elsewhere. Southern Pacific will pay $1 in September and N. Y. Central 50c in October. Meanwhile the advice of this column is to continue holding all long position but always remembering the stops.

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Halsey, Stuart Surveys Mid-Year Municipal Trend

Summarizing a comprehensive analysis of the present status and outlook for municipal bonds, Halsey, Stuart & Co., Inc., says in its annual "Mid-Year Review of the Municipal Bond Market" that while conflicting factors make difficult any effort to anticipate trends, the following three conclusions seem warranted:

1. Activity in the municipal bond market will continue at low ebb for the duration of the war. 2. The price level will be well maintained for tax supported bonds of good quality. 3. Price advancement is probable for both revenue and general obligation bonds if, and when, a solution is found for rubber and gas rationing, and if a favorable and reasonably final decision is arrived at on the tax immunity question.

The "Mid-Year Review of the Municipal Bond Market," which has been published annually by Halsey, Stuart & Co., Inc., for a number of years, was distributed Tuesday to insurance companies, banks and large private investors throughout the United States. Analyzed in its text are both the positive and negative factors currently affecting investment opportunities in municipal bonds.

Special factors presently affecting the quality of municipal bonds are cited, on the favorable side, as the rise in the national income and the decline in both outstanding and new state and municipal indebtedness.

Potentially unfavorable factors cited are: the static or declining incomes among the higher income group; potentially decreasing local tax revenues to be obtained from sales and gas taxes, because of rationing and priorities; and the high tax requirements of the Federal government, which may render more difficult the collection of local taxes.

"The dislocations of the war situation," the "Mid-Year Review" states, "already have adversely affected certain revenue issues. The situation of such securities will, no doubt, continue somewhat clouded until the necessity for gas and rubber rationing is alleviated or removed, though in the case of good quality general obligation bonds indirectly payable from gas revenues there would appear to be little cause for concern unless the situation continues for a longer time than there is now reason to anticipate that it will. The Arkansas Advisory Tax Study Commission, for instance, estimates that even with a 50 per cent reduction in Highway Fund revenues, debt service on all Arkansas Refunding Bonds could be met for eight years—and this without recourse to other sources of revenue which, since these are general obligation bonds, would presumably be made available if circumstances required."

Other factors presented affecting the quality of municipal bonds, which merit scrutiny in the period ahead, are: the slowing down of national population gains; the trend toward decentralization of finance, commerce and industry; and the centralization of political authority in the Federal government.

Discussing interest rates, the "Review" states that "with controls now available to the government and with itself the chief borrower, the effort will be made to maintain interest rates at substantially their present levels at least for the duration of the war." Supply of and demand for municipal bonds are seen as declining. Reasons for the declines are analyzed in detail.

Discussing the price outlook for municipal bonds with particular regard to recent efforts of the Federal government to have removed the tax-immunity that municipals have enjoyed, the "Review" says: "Recent proposals are not new except that they go somewhat beyond the earlier suggestions, principally in that administration proponents of the change seek now to include outstanding as well as newly issued bonds.

"The House Ways and Means Committee under a heavy barrage of objections which came principally from spokesmen for the state and municipal governments, recently rejected the proposals to tax such bonds. Informed opinion is, moreover, to the effect that passage of the enactment over the committee's objection is not only unlikely this year, but will meet with bitter objection if subsequently introduced. The objections, in so far as attempts to tax outstanding issues are concerned, revolve principally about the breach of faith involved in subjecting to taxes investments for which the purchaser paid a higher price in order to obtain this feature, which feature was assured to him by the issuer and, tacitly at least, agreed to by the Federal government. In so far as new issues are concerned, while the opposition is less general—assuming that procedure in subjecting them to taxation is that prescribed in the Constitution, namely, by amendment of the Constitution—there are nevertheless those who object to it on these grounds: first, though it is advocated as a war measure to produce new revenue, it would fail of this purpose because of the restricted volume of new municipal issues in prospect; second, that it would further infringe on the prerogatives of local government; third, that with resumption of more normal conditions it would impose heavier burdens on borrowing communities, particularly those in newly developing sections whose requirements would be relatively greater and whose credit might be less well established than those of older and more developed sections. The validity of those arguments provides sound reason for believing that the changes will not be quickly or easily made; in fact, unless the necessity for added Federal revenues becomes so pressing as to over-ride their justice and logic, that the changes may not be made at all. Until the issue is fairly met, however, and decided with some finality, it is likely to remain as a price deterrent in the market for municipal bonds."

May Exchange Sales Market Value Down 3.9%

The Securities and Exchange Commission on June 25 announced that the market value of total sales on all registered securities exchanges for May, 1942, the Commission reports, amounted to $357,292,786, a decrease of 3.9% from the market value of total sales for April, and a decrease of 29.1% from the market value of total sales for May, 1941. Stock sales, excluding right and warrant sales had a market value of $265,443,967, a decrease of 2.7% from April. Bond sales were valued at $91,837,654, a decrease of 7.3% from April. The market value of right and warrant sales totaled $11,165.

The Commission further reported:

"The volume of stock sales, excluding right and warrant volume, was 12,585,365 shares, a decrease of 7.4% from April. Total principal amount of bond sales was $179,689,900, a decrease of 11.4% from April. The volume of right and warrant sales was 39,375 units.

"The two New York exchanges accounted for 93.6% of the market value of total sales, 91.4% of the market value of stock sales and 99.7% of the market value of bond sales on all registered securities exchanges.

"The market value of total sales on all exempted securities exchanges for May, 1942, amounted to $428,850."

NYSE Borrowings Up

The New York Stock Exchange announced on July 2 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business June 30 was $340,061,834, a decrease of $15,650,958 from the May 29 total of $324,410,876.

The following is the Stock Exchange's announcement:

"The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business June 30, 1942, aggregated $340,061,834.

"The total of money borrowed, compiled on the same basis, as of the close of business May 29, 1942, was $324,410,876.

Calendar of New Security Flotations

OFFERINGS

MILLER TOOL & MANUFACTURING CO.

Miller Tool & Manufacturing Co. filed a registration statement with the SEC for 198,013 shares of common stock, par value $1

Address—Detroit, Mich.

Business — Manufacturing and sale of auto service tools

Underwriting—Baker, Simonds & Co.

Offering—Of total 52,238 shares will be offered by the company and 145,775 shares by certain stockholders. Offering price to the public will be $2 per share

Proceeds—Company will use proceeds from sale of stock for working capital

Registration Statement No. 2-5007. Form S-2. (6-8-42)

Registration effective 4 p.m., EWT, on June 30, 1942

Offered by Baker, Simonds & Co. at $2 per share

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, JULY 11

PARK PLACE-DODGE CORPORATION

Park Place-Dodge Corporation Voting Trust, as extended, filed a registration statement with the SEC for 9,202 shares of common stock, without par value.

Address—40 Exchange Place, New York City

Business—Owning and operating business building

Offering—The voting trust was originally established under a voting trust agreement dated as of Sept. 1, 1932 and has been extended as to voting trust certificate holders who shall become parties to the extension agreement, by an extension agreement dated June 10, 1942, for a period of ten years, that is, until June 1, 1952

Registration Statement No. 2-5015. Form F-1, (6-22-42)

SUNDAY, JULY 12

UNION TRUSTED FUNDS, INC.

Union Trustee Funds, Inc., filed a registration statement with the SEC for 125,000 shares Union Bond Fund "C" at $5.61 per share or total of $701,250

Address — One Exchange Place, Jersey City, N. J.

Business—Investment trust

Underwriting—The issuer appoints Lord, Abbett & Co., Inc., the exclusive selling agent for its shares of capital stock

Offering—Maximum public offering price of all classes of the corporation's capital stock (with the exception of the class designated Union Fund Special) is 1000/915ths of the net asset value per share appertaining to the class in question, adjusted to the nearer one cent, except single orders from one customer amounting to $25,000 or more to be sold at 1000/950ths of asset value

Proceeds—For investment

Registration Statement No. 2-5017. Form A-1. (6-23-42)

MONDAY, JULY 13

BREWSTER AERONAUTICAL CORPORATION

Voting trustees of Brewster Aeronautical Corp. filed a registration statement with the SEC for voting trust certificates for 566,551 shares of capital stock, par value $1 a share

Address—Address of voting trustees care of Arthur A. Ballantine, 31 Nassau Street, New York

Business — Manufacturer of airplanes and parts

Proceeds — Voting trust agreement between certain stockholders of Brewster and voting trustees executed as of May 20, 1942, expiring Nov. 20, 1944. Voting trustees: Arthur A. Ballantine, James G. Blaine and C. A. Van Dusen. Certain holders of Brewster stock, including James Work, owner of 100,000 shares, Alfred J. Miranda, Jr., owner of 16,667 shares, Ignacio J. Miranda, owner of 16,667 shares and F. William Zelcer, owner of 16,666 shares, or a total of 150,000 shares or about 27% of stock outstanding, have deposited their stock under voting trust. Pennsylvania Co. for Insurances on Lives and Granting Annuities, Phila., Pa., is depository for trustees

Offering—By its express terms, the voting trust agreement terminates on the 20th day of November, 1944. Due to censorship probably no specific information is contained in registration statement

Registration Statement No. 2-5018. Form f-1. (6-24-42)

TUESDAY, JULY 14

THE MEAD CORPORATION

Mead Corporation filed a registration statement with the SEC 8,000 shares of $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached; 8,000 warrants for the purchase of common stock (Series of 1937) attached to certificates for $5.50 cumulative preferred stock, Series B and 97,200 shares common stock, without par value

Address—Chillicothe, Ohio

Business—Present business in which the company and its subsidiaries are engaged consists of the manufacture and sale of products falling into three main groups, namely, white papers, chestnut corrugating and other paperboards, and wood and bark extracts for tanning

Proceeds — To acquire all outstanding stock of Escanaba Paper Co.

Underwriting—This offering is not being underwritten

Offering—The company offers to all holders of first preferred stock, irrespective of series, and all holders of common stock of Escanaba Paper Co. one-half share of the company's $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached, and 4½ shares of the company's common stock, without par value, for each share of Escanaba preferred stock, and 1/10th share of the company's common stock, without par value, for each share of Escanaba common stock, in each case with all dividends paid or payable thereon during the period of the offer. Statement notes that 24,000 shares of the common stock registered will not be separately offered, but are reserved for issuance solely in satisfaction of the warrants for the purchase of common stock

Registration Statement No. 2-5019. Form A-2. (6-25-42)

NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation filed a registration statement with SEC for 49,800 shares of an aggregate offering price of $250,494

Address—120 Broadway, New York City

Business — Investment trust fund, restricted management type. Present trust known as First Mutual Trust Fund

Proceeds—For investment

Registration Statement No. 2-5020. Form C-1. (6-25-42)

WEDNESDAY, JULY 15

SONOCO PRODUCTS COMPANY

Sonoco Products Company filed a registration statement with the SEC for $1,000,000 serial debentures, $1,000 denominations, maturing serially, in amounts of $30,000 on July 1, 1943, and on first day of each July thereafter until and including July 1, 1966; the remaining $280,000 maturing July 1, 1967. Debentures of July 1, 1943, will bear interest of 1.5% and of July 1, 1944, 1.75%, with interest rate increasing fractionally on succeeding maturities and amounting to 4.25% on July 1, 1967, maturity

Address—Hartsville, S. C.

Business—Company is engaged in the manufacture and sale of paperboard, tissue paper, paper cones and tubes and other paper products, as well as in the manufacture and sale of impregnated and special tubes for the electrical and allied trades

Underwriting—The names of the underwriters and the amounts underwritten are G. H. Crawford Co., Inc., Columbia, S. C.; R. S. Dickson & Co., Inc., Charlotte, N. C.; McAllister, Smith & Pate, Inc., Greenvile, S. C., and A. M. Law & Co., Spartanburg, S. C., each for $250,000

Offering—Offering price to the public will be at face value or principal amount thereof, plus accrued interest on the debentures from July 1, 1942

Proceeds—Of the proceeds $670,820 will be used for additional working capital and $294,350 for retirement of outstanding 5% cumulative preferred stock of registrant—of which $290,000 is outstanding—callable at 101½

Registration Statement No. 2-5021. Form A-2. (6-26-42)

THURSDAY, JULY 16

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation filed a registration statement with SEC for 1,211,500 shares of an aggregate offering price of $7,827,380

Address—120 Broadway, New York City

Business—Investment trust fund, open-end, diversified management type

Underwriting—Name of trust is National Securities Series. National Securities & Research Corporation is sponsor

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5022. Form C-1. (6-27-42)

SATURDAY, JULY 18

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

SUNDAY, JULY 19

EMPIRE GAS & FUEL CO.

Empire Gas & Fuel Co. has filed a registration statement with SEC for $21,534,800 3½% sinking fund debentures, due Jan. 1, 1962

Address—One Exchange Place, Jersey City, New Jersey

Business—Company owns securities of subsidiary and other companies together primarily engaged in substantially all phases of the petroleum and natural gas businesses in the United States other than retail distribution of natural gas. The company is not an operating company

Underwriting—Company has entered into an agreement with The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, as dealer managers who have aided and are aiding in preparing the exchange offer and plan of recapitalization to form and manage a group of security dealers which shall include the dealer managers, for the purpose of obtaining agreement to exchange under the company's proposed exchange offer

Offering—Company is offering to the holders of its preferred stock (other than Cities Service Co.) the opportunity to exchange their preferred shares, with all dividend arrears thereon, for the 3½% sinking fund debentures now registered of an aggregate principal amount equal to the par value of their preferred shares and accumulated unpaid arrears thereon to Jan. 1, 1942. The basis of exchange per share of preferred stock, showing face amount of debentures to be received by each class of preferred stockholder follows: 8% cumulative $176.66; 7% cumulative $167.08; 6½% cumulative $162.29, and 6% cumulative $157.50

Proceeds—The debentures are to be offered for exchange to the preferred stockholders of the company.

Registration Statement No. 2-5025. Form A-2. (6-30-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Amendment filed July 2, 1942, to defer effective date

Withdrawal request filed July 6, 1942

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

Amendment filed July 2, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed June 30, 1942, to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y,

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Amendment filed June 29, 1942, to defer effective date

Eastern Cooperative Wholesale, Inc., in an amendment filed July 1 to its registration statement, states that bonds maturing 1944-1956 exclusive of 1950 and maturity date to be specified on face of each bond $50,000 is maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendment filed June 26, 1942, to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outstanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed July 3, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendment filed July 6, 1942, to defer effective date

Withdrawal request filed July 6, 1942

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

Amendment filed June 22, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed June 10, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding and are owned by City Company of New York, Inc., in dissolution to the extent of 436,691 shares National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Dealers Continue To Register Unqualified Disapproval Of Minimum Capital Proposal

(Continued from page 93)

requirements for the securities business should be more closely comparable to those of a bank than anything that has been suggested thus far.

Mr. Haynes makes out a good case for sympathy for "John Bowman," but if "John Bowman" has no resources of his own I think he has no justification for starting out in business for himself and assuming additional responsibilities. I would say that "John Bowman" either ought to remain as an employee of some other firm until he has accumulated sufficient funds to go into business for himself properly or possibly he would be qualified to act as an investment advisor for some of his accounts on a fee basis, leaving the buying and selling of securities to be done on a commission basis by some other firm better fortified to protect the public against errors.

It is my belief that anyone who votes against the proposed amendment to the NASD rules is doing a distinct disservice to the whole financial community.—(From a New York City Dealer)

DEALER No. 35

We wish to congratulate you for the article appearing in your paper on Thursday, June 25, concerning NASD Minimum Capital Proposal.

There is no use of our adding anything to what has already been said except to say that we are in full accord with the views expressed by you and the dealers whose letters you published.

We think that you have rendered Security Dealers a real service. —(From a Greenville, S. C., Dealer)

DEALER No. 36

We find that our views and most of the dealers' views in Denver agree with yours.

We feel that the amount of your capitalization does not insure the honesty of the individual dealer. We also feel that it is a step in the wrong direction, which might have disastrous consequences for a lot of the smaller dealers.—(From a Denver Dealer)

DEALER NO. 37

The proposed NASD amendment basing membership upon capitalization is almost indefensible. If dealers were required to make bond for $15,000, $25,000 or an amount proportionate to their average current business it might make some sense, but in the securities business the amount of $5,000 is comically inadequate. It is excused as a "cushion," but if so has very little padding. The effect of the proposed amendment will be mostly to force out of business a large number of the smaller houses who are probably possessors of equally as good records as the big houses. The latter forget that the small houses are their feeders, and must be maintained in order that the bond and stock business will render it's maximum service.

If this amendment carries there will always be the suspicion that the movement was fostered in order to suppress competition. The effect of its approval would not be in the public interest; it would be comparable with the requirement of heavy initiation fees by labor unions, and the policy of the bricklayers union in recent years not to train apprentices. Capital is no substitute for character. Those proposing the amendment should recognize how short-sighted it is. The situation could best be dealt with by Westbrook Pegler.—(From a Fort Worth, Texas, Dealer)

DEALER No. 38

The letter below was sent by the writer to the National Association of Securities Dealers, Inc., and is self-explanatory.

We are enclosing our ballot. You will notice that we have voted "no" to Article One, Section One.

The laconic "No" will not do in this case. We feel it imperative to tell you WHY.

You rest your case on the following premises:

1. Correcting what you term a too easily achieved eligibility for membership.

2. Limiting such membership to facilitate "enforcing the Association's rules among members."

The syllogism is completed by the conclusion that you will then have "standards for the securities business which would secure for it recognition as a profession operating on a high plane of public service."

What you propose to do, Gentlemen, is to measure a man's integrity and ability by his pocketbook. As long as he is able to show a certain bank balance, you propose to consider him persona grata in "a profession operating on a high plane."

You plan to shake your members through a sieve whose mesh will retain only the financially elect. To be sure, a "pick-pocket" will fall through your sieve now and then along with the scores of capable and honest dealers who are unable to meet the capital requirements, but what about the erstwhile pick-pockets who have risen to the "bank robber" class—as measured by your new scale of evaluation? (At this point, we feel bound to remind you of the difficulty of getting a camel through a needle's eye.)

In our opinion, many of the dealers and brokers expelled by the SEC from our association would have no trouble qualifying for the proposed minimum capital requirements. Significant too, is the fact that the SEC did the expelling in many cases, which raises the question: "Are we fighting with wooden swords?"

If, as you imply, the budget of our Association does not permit us to scrutinize the business practice of our members carefully enough, why not admit frankly that the task is too great? The SEC has done excellent work in this direction, and a duplication of effort is both expensive and unnecessary for our members.

In any case, reducing the membership reduces the available budget, and "enforcing the Association's rules" would remain proportionately expensive.

The conclusion is inescapable: either the objective or the reasons with which you sustain this objective are insufficiently stated.

We have several pounds of paper in one of our drawers, listing the various changes in the committees and sub-committees of the NASD. These represent, so far, the only tangible evidence of our membership; nevertheless, we are eager to see our organization evolve along sound lines. Unless you can give us logical reasons for this proposal, some of us will conclude that those you state are not the vital ones.

This letter is an open one and we have sent a signed copy to the Financial Chronicle who are free to publish it.—(From Leslie B. d'Avigdor Co., New York City)

Savings-Loan League Fiftieth Anniversary

Plans in the making for the past two years to celebrate the first half century of the United States Savings and Loan League with a 50th annual convention in 1942 in Chicago have been abandoned to help lighten the war transportation burden, according to an announcement made on July 1 by Fermor S. Cannon, president of the League. He said that the June 19 request of Director Joseph B. Eastman of the Office of Defense Transportation had confirmed the opinion developing among League directors the past few months that in war time the usual type of convention travel in the savings, building and loan business should be sacrificed. Mr. Eastman requested that all conventions not closely related to the war effort be suspended and those more closely related to it be skeletonized. From the League's announcement we also quote:

"The Savings and Loan League head indicated that plans are being discussed for a skeletonized annual meeting which will permit the functioning of the governing bodies of the League. This would provide opportunity to further implement the business in its sales of War Bonds, which has been undertaken by 2,600 institutions, and in the financing of needed war housing which in April derived $20,000,000 from this source.

"Original date and place scheduled for the 50th annual convention was the second week of November in Chicago, and the skeletonized annual meeting will probably be called for the same time and place, Mr. Cannon said. It will probably be arranged for such savings, building and loan executives as are available at that time to confer with officials of the Treasury Department, the National Housing Agency, the War Damage Insurance Corporation and whatever other government officials by that time may be related to savings and loan war responsibilities."

The cancellation of the annual convention of the American Bankers Association which had been scheduled for Sept. 27-30 in Detroit was noted in our June 25 issue, page 2386. The action was taken as a result of the request of Mr. Eastman which was prompted by the wartime transportation needs of the nation.

The War & Stock Prices

Newburger & Hano, 1419 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges, have just issued an interesting circular entitled "Higher Prices Despite the War News—Why?" Copies of the circular may be had from the firm upon request.

Sondheimer Co. Formed

The investment business of E. S. Reinthaler & Co., which was dissolved as of June 30, has been taken over by the newly formed firm of E. Henry Sondheimer Co. with offices at 331 Madison Avenue, New York City. Mr. Sondheimer was formerly a partner in E. S. Reinthaler & Co.

NASD Minimum Capital Proposal Would Abolish Cherished American Tradition

(Continued from first page)

taken to any effort to improve the standards of business conduct within the industry. We say, however, that minimum capital requirements will not be effective in attaining this laudable objective. Moreover, we say that should the members of the NASD establish the precedent that only a person with a given sum of money is to be privileged to engage in business for himself they will neither be serving the best interests of the securities business nor the cause of capitalism and our system of free enterprise. For this reason, we urge NASD members to vote no on Article 1, Section 1, just as they would reject any similar proposal that would jeopardize the cherished American tradition of equal rights to all men which made possible that first meeting under the buttonwood tree.

Offer $2 Billion of 2% Treasury Bonds

Secretary of the Treasury Morgenthau announced on July 8 the offering through the Federal Reserve Banks, for cash subscription at par and accrued interest, of $2,000,000,000, or thereabouts, of 2% Treasury Bonds of 1949-51. In order to insure full participation of banks, corporations and others who may be interested in the offering, the subscription books will remain open two days. There will be no restrictions as to the basis for subscribing to this issue. The Treasury Bonds of 1949-51, now offered for subscription, will be dated July 15, 1942, and will bear interest from that date at the rate of 2% per annum payable semiannually with the first coupon due Dec. 15, 1942, for a fractional period. The bonds will mature Dec. 15, 1951, but may be redeemed, at the option of the United States, on and after Dec. 15, 1949. The bonds will be issued in two forms: bearer bonds with interest coupons attached, and bonds registered both as to principal and interest. Both forms will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000.

Other details of the offering were given as follows in the Treasury announcement:

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the bonds now offered shall not have any exemption, as such, under Federal Tax Acts now or hereafter enacted.

"Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions from banks and trust companies for their own account will be received without deposit, but subscriptions from all others must be accompanied by payment of 10% of the amount of bonds applied for.

"All subscriptions for amounts up to and including $25,000 will be allotted in full; other subscriptions will be received to allotment, and the basis of their allotment will be publicly announced. Payment for any bonds allotted must be made or completed on or before July 15, 1942, or on later allotment."

This $2,000,000,000 offering is part of the Treasury's July-August "new money" financing, which Secretary Morgenthau said on June 22 would be between $3,750,000,000 and $4,500,000,000 (referred to in these columns July 2, page 23.)

Mr. Morgenthau announced on July 6 that either in late July or early August the Treasury will reopen its books for an undetermined offering involving the 2½% registered bonds of 1962-67 (so-called "tap" issue.) This is expected to make up the other half of the two-month financing. These "tap" bonds were sold in May to an aggregate of $882,078,700, the books having been open for 10 days. They are designed especially for investment by other than commercial banks.

L. Ford Forms Own Firm

(Special to The Financial Chronicle)

BOULDER, COLO. — Louis R. Ford has opened offices at 1935 Thirteenth Street to engage in a general securities business. Mr. Ford for the past ten years has been local manager for Sargeant, Malo & Co. of Denver.

Buchanan, Ellithorpe Are With Sutro & Co.

(Special to The Financial Chronicle)

SAN JOSE, CALIF.—Herbert Harris Buchanan, Robert Carl Ellithorpe, Raymond E. Denhart and Howard Miller have become associated with Sutro & Co., members of the New York Stock Exchange and other national exchanges, whose main office is located at 407 Montgomery Street, San Francisco. All were formerly of H. H. Buchanan & Co., of which Mr. Buchanan and Mr. Ellithorpe were partners.

Albert Chatfield Is With Westheimer Staff

CINCINNATI, OHIO—Albert B. Chatfield has become associated with Westheimer & Company, 322 Walnut Street, members of the New York Stock Exchange. Mr. Chatfield, who has been in the securities business for twenty-eight years, was formerly with Edward Brockhaus & Company.

To Form Snedeker-DeBard

The New York Stock Exchange firm of Snedeker & DeBard, with offices at 61 Broadway, New York City, will be formed as of July 16. Partners will be Charles V. Snedeker, member of the Exchange and Edward DeBard. Mr. Snedeker has recently been in business as an individual floor broker and prior thereto was a partner in Charles V. Snedeker & Co.

Our Reporter On "Governments"

(Continued from First Page)

money market over the quarterly tax date did indicate was that Morgenthau intends to use his new authority to sell securities direct to the Reserve with extreme caution. . . . His action was highly conservative, decidedly warranted. . . . His repayment of the certificates immediately was surely reassuring. . . . And perhaps most important, the move revealed that the Treasury and the Reserve have their eyes focused on the money and bond markets, are well aware of difficulties, are prepared to take steps at any time to ease a tightening situation. . . .

As matters stand today, we may expect:

(1) Similar sales of short-term certificates to the system over coming tax dates to make sure that withdrawals by out-of-town banks do not affect bank balances seriously and create unnecessary stringent situations in the money markets. . . .

(2) Highly conservative use of the power to sell securities to the system by the Treasury. In fact, sales may be delayed until a really dangerous moment in the market, when open market borrowing might be hurt by news beyond the control of the fiscal agents. . . .

TAX-EXEMPTS

Municipal bonds, which move with the tax-exempts among Governments, have been acting well in recent weeks. . . . Have in fact, been leading a recovery movement. . . . Yield of representative State and city issues, according to Dow-Jones index of 20 issues, is down to 2.28%, indicating an advance of $6 per $100 bond in the average price of long-term municipals since late February, when fears of an end to the tax-exemption privilege were widespread. . . .

For months, this column has urged calm appraisal of the tax-exempt picture, has begged investors to consider the fundamentals during days of official threats to the privilege and selling by fear-struck holders of high-grades. . . . To date, its stand has been confirmed by all developments. . . . Investors who have held on to their tax-exempts and switched against rather than with the tide are way ahead of the game. . . . There's no certainty that this will remain true, of course—but as of this writing, the story still holds—if your portfolio position warrants it and your tax position permits (and these things only you or your best adviser can tell) hold and buy the tax-exempts. . . . You'll find them valuable in the market as well as at the tax dates as the months go on. . . .

The rally in municipals is based on returning confidence in the tax-exemption status of local government securities, of course. . . . It couldn't be based on anything else. . . . Similarly, tax-exempt Treasuries are firm to strong, even in the dullest and most undirected markets. . . .

FEDERAL LAND BANKS

And that leads right into a discussion of the seldom mentioned, oft-neglected Federal Land Bank list. . . . There are six issues of these outstanding, carrying rates ranging from 3 to 4%, bearing maturities ranging from 1946 to 1964, call dates ranging from 1944 to 1946 and prices ranging from 106 to 108. . . . Yields to call are the only ones to consider and they're low—from 0.60 to 0.84%. . . . But the bonds are exempt from all State and Federal income taxes and both Federal excess profits taxes. . . . And they're equivalent to the Government obligations, are Government obligations in all but name. . . . You may consider them as indirect or direct securities, as you will, but as long as a direct Government bond is worth par, the Land Bank issues will remain right up there. . . .

As far as comparisons go, it seems that the Land Bank 3s and 3¼s are more attractive than similarly-maturing Government notes—the notes being fully taxable and yielding from 0.93 to 1.41% while the Land Bank high-coupons are fully tax-exempt and yield up to 0.84%. . . .

Trading in these is minor, almost infinitesimal. . . . The small amount of bonds outstanding has helped stabilize the market to an extraordinary degree. . . . But if you want some short-terms, carrying high coupons and tax-exempt, check the Land Banks. . . . They're worth attention. . . .

INSIDE THE MARKET

Switches these days are useless, unless you know exactly the tax position of your institution and have a varied portfolio. . . . Recommending any major moves without this knowledge is dangerous, but the taxable tax-exempt lists still hold the best moves. . . .

Insurance companies bought another $26,000,000 of Governments in week of June 20, bringing total holdings to $1,088,000,000 and indicating 50% of investments so far this year have been in Treasuries. . . . Companies probably bought some ⅝% certificates. . . .

Final Edition THURSDAY In 2 Sections — Section 2

The COMMERCIAL and FINANCIAL CHRONICLE

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High Federal Corporation Taxes May Cause Larger Bank Borrowing, Conference Bd. Finds

High and rising Federal taxes have greatly increased the cash requirements of corporations and may lead to greater demand for bank credit, according to a study by the Conference Board, New York, made public on July 1. Along with larger inventories and receivables resulting from increased war production, these higher taxes, the Board finds, have already created new borrowing problems for about one quarter of a representative list of companies just surveyed. The Board states:

"Some other concerns on the list indicate that they will probably be obliged to borrow to meet the greater tax load in prospect for 1942. In some instances, corporations are finding it necessary to meet taxes out of the following year's income, and marked declines in the current ratio are reported by some companies.

"This situation is regarded also as having important postwar implications, which may cause some corporations to seek long-term funds."

The financing of further plant expansion out of earnings has likewise become a problem in a number of cases, the Board says. It adds:

"For some companies in the high brackets, the adoption of the present tax proposals would leave nothing remaining for new plant and equipment and would not allow them to provide adequately for necessary increases in working capital. A closely allied problem is how much dividends they will be able to pay. Elimination or marked curtailment of payments may become necessary in certain cases. Mention was also made of the possibility that high taxes might lead to unwarranted wage increases.

"In all, about one-third of the companies have found it necessary to borrow funds recently, including the usual seasonal need for funds. A somewhat greater proportion has investigated possibilities and in all instances no difficulty is reported in obtaining funds from commercial banks at low rates.

"Less than 15% of the corporations have had recent experience in raising funds through investment bankers. Only a negligible proportion of these report diffi-

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

We have always had a sneaking suspicion that the expression, "the pen is mightier than the sword," was coined by men who were adept at and who preferred words to fighting. And we have been fortified in this suspicion by the spectacle of our colleagues who are daily getting commissions in the public relations branches of the armed services.

But we become doubtful when we think of that word "panzer." There is a word, gentlemen, that will likely prove to be the most powerful weapon of the whole war. It is a word that seemingly has caused the United Nations, certainly Washington, the capital of one of them, to go completely nuts. It has utterly dominated our thinking since the fall of France.

Our conception of that catastrophe is one of tremendous steel monsters, snorting fire out of all sides, moving over the flattened French as if they were so much grass on the ground. It wasn't Hitler that gave us this conception, either. From him came the word "panzer," but our own artists and men of words developed the horrible picture for us. The fact that France was Communist-ridden to the core has made little or no impression on us. Presumably, it didn't lend itself to the descriptive powers of the pen and brush. We were told of these tanks and of Hitler's unbelievable wealth in them.

The thing for us to do then was to build tanks. A mechanized war in which men were secondary—that was what we were in for. Therefore, we must tear down our industrial structure overnight—to hell with the domestic economy—you won't have any domestic economy if Hitler wins, will you. Tanks, tanks and more tanks. We become threatened with a transportation breakdown. Admittedly greater strides could be made in synthetic rubber production, but Donald Nelson says in effect: "It is a simple question, gentlemen, whether we are to have more synthetic rubber plants or more tanks."

Tanks back up on the wharves for lack of boats to get them to the fighting fronts. There is a shortage of steel for ships. "It is a simple question, gentlemen," says Donald, "whether we must

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GENERAL CONTENTS

THE FINANCIAL SITUATION

The controversy between Leon Henderson and Congress is doubtless not without certain small-minded frictions and personal antagonisms, but the reluctance of at least some legislators to accede to all the demands of the Price Administrator has, we prefer to believe, more solid foundations. There are a number of political wheels within political wheels in this price control business. There are the farmers who do not want their prices restricted too narrowly but who are not at all averse to ceilings over the prices of goods they buy. There is labor which is ready enough to complain if the cost of living rises but which is adamant when the suggestion is made that wages be fixed at present levels. Both are politically powerful groups and both have representatives, not to say sycophants, in Congress who at times appear to be more zealous than their principals.

Mr. Henderson has not always been particularly careful not to give offense to any of these, and, he is known to hold views not altogether pleasing to certain of them. It may be conceded that some of the trouble he is having upon Capitol Hill has its roots in such circumstances as these. But there are other aspects of these matters, and consideration of them will, we believe, convince the dispassionate mind that not all the opposition to Mr. Henderson and what might be termed Hendersonism is either petty or of "pressure group" origin.

What Mr. Henderson Wants

A scrutiny of what Mr. Henderson is asking of Congress will, it seems to us, make it quite clear why intelligent and conscientious legislators are reluctant. We take from a special dispatch to the New York "Times" the following account of what Mr. Henderson is, in part, demanding.

He (Mr. Henderson) said the OPA had requested budget approval for 88,000 employes: 8,000 in Washington, 30,000 in the field and 50,000 on rationing boards.

The budget, he said, allowed 66,000: 8,000 in Washington, 23,000 in the field and 35,000 on rationing boards, but granted an additional $5,000,000 for temporary employes, enough to employ 8,000 during the year.

At present the OPA has 34,576 employes: 5,400 in Washington,

(Continued on page 107)

In Peace and In War

The authorization to sell some of the Government's holdings of grain for feeding purposes at 85% of the parity price for corn is essential if the armed services and the civilian population are to be assured adequate supplies of pork, beef, milk, chicken, and eggs at prices that will neither break through the ceiling nor require excessive subsidies. The Government will continue to assure fair prices to farmers for their products. Certainly, the Government, organized for total war, must have the authority to deploy its resources promptly and in sufficient volume to speed victory. We have surpluses of grains; we have oncoming stringencies and shortages in certain meats, fats and oils.

The only real issue involved here is whether the government should be free to use its feed resources to produce food for the wartime effort.—President Franklin D. Roosevelt.

We are prepared to accept the President's judgment in this matter, and we should be glad to see the Government dispose of grain which it should never have acquired in the first place.

We should be still more encouraged were there reason to hope that the economic lesson of this experience is being learned.

If there is broad social advantage now in reasonably priced corn, why is such a price a calamity in peace time?

War Revolutionizing Industrial Design

The skill and ability of America's tool engineers which have made possible the rapid conversion of industry to war production will, in peace time, bring to America mass-produced commercial planes and a new type of automobile with a much smaller and more high compression motor, Frank W. Curtis of the Van Norman Machine Tool Co., and past President of the American Society of Tool Engineers, told 400 members of the Hartford A.S.T.E. Chapter at their recent annual meeting. Jigs, fixtures, dies and other forms of special equipment, the products of tool engineering, are the measuring stick of success in modern industrial war production, instead of being merely the overhead evil they were formerly considered, Mr. Curtis declared. He went on to say:

"The war efforts have resulted in the development of processes and products that otherwise might have been delayed. After the war, it will be another problem for the tool engineer to make it possible for these discoveries to be applied and made available for public consumption.

"Automobiles and airplanes are two outstanding products that will derive the benefit of scientific research and thus create a vast number of changes in our way of life. Just what the automotive engineer will do after the war is still a secret, but it is safe to assume that the industry will be reborn, as will many others.

"America's increased capacity in the production of aluminum and magnesium will bring about a tremendous expansion in the use of light metals for automobile uses. These metals will, no doubt, compete with steel for many purposes. Plastic materials will be available in larger quantities than ever, and automobile bodies of plastic design are quite possible to conceive. Plastics capable of withstanding heavy blows are already available for many war uses and will find even more uses in peace-time.

"A fuel many times more powerful than gasoline has been produced, which will require entirely new automobile engines because present designs are not able to use it. This fuel is of a very high compression type that will require a small, high-speed motor with a greater power per pound of weight than present motors.

"Since airplanes depend on light-weight motors, these engines will probably be used in the large number of small planes that will be produced after the war, so that a new era of civilian flying can be expected, especially, with the thousands of army and navy trained pilots who will want low-cost aircraft of their own. The rapid strides made in the building of warplanes have been made possible only under war emergencies, where speed has been so urgent. The mass-production methods will carry over to peace-time, so that we may expect the air to rival the road as a means of travel."

Interior Dept. Allocation

The $178,100,000 Interior Department appropriation bill received final Congressional approval on June 30 when the Senate adopted a conference report, which the House had approved on June 29. President Roosevelt signed the measure on July 3.

This total compares with $189,900,000 requested by the Budget Bureau for the Interior Department and with $238,101,000 provided in the last fiscal year.

The Senate receded in conference in the amount of $8,825,000 and the House in the amount of $11,763,000. The bill originally passed the House on March 27 and the Senate on May 28.

Editorial—

Federal Reserve Act Amendments

Several changes in the banking legislation which is known as the Federal Reserve Act were voted last week by the Senate and the House of Representatives, and all of them must be regarded as meritorious in these times of stress and strain. The amendments, which relate to three sections of the Act, really are modest when contrasted with the sweep and scope of the general legislation. They change the tone and tenor of that legislation hardly at all. In itself, this bears witness to the sound conception and the efficient operation of the original enactment. There have, perhaps, been some distortions of first aims during the early World War and there may be others in the course of the present conflict, but any such necessitous variations do not detract from the grand purposes and sound banking concepts of the Federal Reserve Act.

All three of the changes now voted by Congress have a bearing upon the question of United States Treasury financing, which is by far the most important problem now faced by the banking system, as such. In the hearings on the amendments which took place in June before the House Committee on Banking and Currency, this point might have been given greater emphasis than it received. It was, however, implicit in the testimony supplied by Marriner S. Eccles, as Chairman of the Board of Governors of the Federal Reserve System. The Congressmen on the Committee appeared to understand this quite well, judging by the unrevised committee print of the hearings. That unrevised text, it may be added, offers ample evidence of the complexity of the banking problem and of the patience needed for any exposition of its intricacies. Governor Eccles was not at all times successful in clarifying the minds of the Congressmen, and there are passages which suggest that he was himself at times confused.

By far the most important of the three changes voted by Congress is that which relates to the power of the Board of Governors to alter, within limits, the reserve requirements of member banks. Whether by accident or design, the Act as it stood on the Statute Book prevented a change in the percentage of reserves required of the two Central Reserve Bank cities of New York and Chicago, unless a proportionate change also was made in the Reserve Cities. The language of the legislation now has been changed so that the reserves required of banks in Central Reserve Cities, Reserve Cities and the country banks can be varied without reference to each other. As Mr. Eccles carefully explained in the hearings, this does not alter the established minimum and maximum reserves, but merely gives the Board of Governors the authority to alter requirements of the different classes within the extremes. Needless to add, the maximum reserves currently are required of all member banks.

The desirability of this change was related by Governor Eccles to the heavy tax liabilities of the quarter-date payment periods on Federal levies. Withdrawals by taxpayers may well make it necessary for banks in general to draw upon their correspondent banks, particularly in New York. Since excess reserves in New York are now none too abundant, Mr. Eccles suggested, a situation may develop in which the banks in New York may find it necessary to dispose of United States Treasury obligations in considerable amounts. And such action, he added, might have a depressing effect upon the market for Government securities at a time when this would be contrary to the public interest. In order to meet this contingency a reduction of the reserve requirements in Central Reserve Cities might become desirable.

Mr. Eccles was not asked about certain other factors which contribute to the relative modesty of excess reserves in New York, and he did not mention them. But they are worth noting here, for they throw additional light on the problem. The great commercial banks in New York, as those who move among them are aware, feel that Reserve City and country banks may at any moment make heavy demands upon them. Their own resources have not tended of late to increase in the same ratio with banks in areas more favored than is New York City by war contracts. The capacities of New York City banks to purchase additional Treasury securities have, accordingly, failed to keep pace with banks in many other places. If anything were needed to illustrate this point, a glance at the mid-year condition statements of the New York City banks should suffice, for many of them were unable to add to their portfolios of Treasury securities during the second quarter of this year, notwithstanding the large flotations of such obligations.

A further change in the Federal Reserve Act now voted corrects a peculiar and probably unintended penalty imposed by a proviso that member banks shall not make new loans or pay dividends until or unless the full reserve balance required by law is restored, if impaired. In a recent legal action in the United States District Court for the Southern District of New York, a bank director was held personally liable for a loss on a loan contracted while the bank was deficient in reserves. This ruling ran counter to an earlier decision by a Circuit Court of Appeals, and possibly will be reversed by the higher courts. But in the meanwhile it imposes some awkward difficulties which the change in the wording of the law wisely dispels.

As Governor Eccles sought to make clear to the Congressional Committee, the effect of the court decision was to negate the established system for averaging reserves of member banks over weekly and bi-weekly periods. There are ample penalties for reserve deficiencies that extend over more than a few days, imposed by the Board of Governors. But under the latest legal interpretation of the proviso mentioned, banks in general have insisted upon careful avoidance of deficiencies even for a single day. Mr. Eccles endeavored to make the House Committee understand that this prevents the banks from investing to the fullest reasonable extent in United States Government securities, since they no longer wish to chance any reserve deficiency, but the unrevised text of the hearings indicates that he was none too successful.

The matter is, however, quite simple, and its bearing upon the market for Treasury obligations is direct and obvious. In actual practice, large banks do not hesitate or delay in making ordinary loans, notwithstanding the personal liability attaching to directors under the recent court opinion, in the event of losses on such loans. They adjust their positions by the much easier method of portfolio changes in holdings of short-term Treasury obligations, and it is this aspect that obviously troubled Mr. Eccles. A large New York City bank, as he explained, might find its reserves varying by more than $50,000,000 a day. It is, patently, a needless burden upon such banks and upon the market for Treasury obligations to make necessary comparable variations in holdings by individual banks of Treasury securities. The change in the law removes this difficulty and restores to effectiveness the averaging stipulations of the Federal Reserve Board on required reserves. The practical effect is to permit a greater use of excess reserves in purchases of Treasury issues.

The third and final change in the Act regroups the regional institutions with respect to membership upon the Federal Open Market Committee, which is especially occupied at present on questions of United States Treasury war finance. The 1935 amendments, which were not without their punitive aspects, enabled New York and Boston, together, to send one representative to the Open Market Committee, out of the five selected by the regional institutions. This worked a hardship on Boston, rather than New York, as the sponsors of the 1935 legislation intended. In practice, as Mr. Eccles explained, it has been found necessary to represent the New York Federal Reserve Bank at all times on the Open Market Committee, and Boston has been excluded from the alternate representation envisioned in 1935. Under the regrouping now voted, New York is continually represented, and Boston rotates with Philadelphia and Richmond in representation. The regrouping extends over much of the rest of the country in order to fit the circumstances of this change.

In closing this discussion we note that even the most learned and careful students of banking sometimes deliver themselves of phrases that resemble the whimsies of Alice in Wonderland. The unrevised text of the hearings on these changes in the Federal Reserve Act records a colloquy between Mr. Eccles and Representative Patman that is priceless. In this discussion the two worthies differed as to whether the 3/8% buying rate of the Federal Reserve on discount bills places a ceiling or a floor on the bill rate. Mr. Patman thought that buyers at a discount of 1/8% could make a profit of 2/8% if they can turn them over to the Federal Reserve at 3/8%. It is easy to overlook this reversal of reality by Mr. Patman, who obviously is unfamiliar with principles of discounts and yields. But Mr. Eccles refuted him by saying that "if they buy them on the basis of 1/8, the yield on them is 2/8." After that brilliantly meaningless comment, the discussion shifted to other matters.

THE FINANCIAL SITUATION

(Continued From First Page)

9,676 in the field and 19,500 on rationing boards.

It is not difficult to understand why there should be a good deal of uneasiness in Congress—and elsewhere, for that matter—about having 30,000 "field men" engaged in enforcing the price edicts of OPA, that is, in addition to 50,000 persons on rationing boards and 8,000 in Washington. The truth is, of course, that failing an extraordinarily large measure of purely voluntary cooperation and self-discipline, many more than that number would be required to enforce the decrees already issued by OPA even assuming conditions favorable for enforcement. But the American people have a deep-seated and, we think, wholly warranted aversion to "snooping." They, or many of them, have been taught to fear "inflation," and many have been convinced, or half-convinced in the abstract at least, that rationing and price control are essential. In all this they may be right or wrong. We think they are more wrong than right. But, however that may be, they are not likely to submit to any Gestapo-like regime of price snooping, and in that we believe they are right.

Unenforceable

But conditions are not favorable for the success of any such project as Mr. Henderson has undertaken, a fact which renders sending an army of enforcement agents abroad the more hazardous and more likely to cause no end of trouble and discontent to say nothing of the unnecessary discomforts, inconveniences and hardships to both business and the individual consumer. It is doubtless in part the fault of Congress itself that we have undertaken to set rigid "ceilings" over some prices, higher and less rigid ceilings over others, and no ceilings at all over still others (wages) in such manner that the scheme as a whole is utterly infeasible and unworkable. It could be argued that it lies within the power of Congress to remove some of these difficulties from the path of price fixing, and that it should either do so and give Henderson the funds he demands or it should not have enacted the law under which he is now operating. In a degree such a stricture would be valid, but, as everyone knows Congress is not its own master. In these matters in particular it has been caught between two (or more) fires, and is far from happy with the elections approaching. It has been bludgeoned into doing half of what was demanded of it by the Administration, and similarly bludgeoned into refusing to do the remainder, while neither Congress nor the Administration has shown willingness to do all that is necessary to launch a self-consistent price control policy. All this must be well understood by many members of Congress who naturally hesitate to push a leaky program too far by permitting Mr. Henderson to run wild in an attempt to enforce an impossible law in impossible circumstances.

More Subsidies!

Mr. Henderson and, according to some dispatches from Washington, the President have not eased the minds of the skeptical either in Congress or elsewhere by contemplating, and in the case of Mr. Henderson, actually urging that subsidies be granted right and left when price ceilings are found to be so low as to render the production and distribution of the goods involved impossible in the ordinary course of trade. One can, of course, well understand that it will not do simply to fix a maximum price for an essential commodity or product, and expect business to continue to produce and distribute it when the cost of such production and distribution is higher than the permitted price.

The consumer must have the goods, and the business man can not, even if he wished, continue indefinitely to supply them at a cost that entails a loss to him, but it is going pretty far in search of an "easy way out" to suggest that the price remain unchanged nonetheless and the Treasury pay the difference. The Treasury will be fortunate if it succeeds in financing the necessary costs of the war without deep injury to its credit. And what eternal mischiefs lurks in any scheme which authorizes and directs governments to determine whether hundreds of thousands of businesses can or can not produce or distribute a given article at a specified price and, if not, cover the deficit it itself determines to exist!

Other Doubts

Little wonder that Congress distrusts Mr. Henderson, whose understanding of economics was long ago called into question when the NRA was in operation. But we hope the doubts of Congress are not confined to Mr. Henderson's understanding or to any proposed subsidy annex to the price control program. We hope it has its own misgivings concerning the wisdom of undertaking any such sweeping program of price control as is now very nearly universally assumed to be both necessary and feasible. We should like to have Congress reveal definite understanding of the controlling role that prices themselves play in the economic world. We should be heartened if Congress were to raise the question as to whether higher prices would not themselves help to curtail consumption of non-essential goods, and thus relieve Washington of some of the multifarious tasks of regulation which it has undertaken. There is a much longer list of such goods than the officials in Washington appear to suppose. It is a fallacy to assert that some rule of social justice requires a nation at war to ensure an even distribution of such goods—the alleged object of price control and rationing.

The type of revolutionary price change commonly termed "inflation" is certainly not a desirable phenomenon, and it is not strange that politically minded Congressmen fear popular repercussions should it appear in this country. Thoughtful students of economics are, however, well aware that there are other things equally as bad, and, furthermore, that ill-advised price control effort may well fail to prevent such a price revolution and at the same time bring other conditions of equal undesirability. It would be a good thing if current controversies in Washington could somehow be utilized to induce a thorough reconsideration of the entire price control matter.

The State Of Trade

Business activity showed little or no setback from its recent high levels, most of the leading heavy industries registering further gains for the week.

Car loadings of revenue freight for the week ended June 27, totaled 853,441 cars, according to official sources. This was an increase of 8,528 cars above the preceding week this year, 55,613 cars fewer than the corresponding week in 1941 and 100,794 cars above the same period two years ago.

Despite earlier misgivings, it now appears the railroads will have little difficulty in meeting peak traffic demands this fall, observers state.

For one thing, the peak carloadings this year will not be a true peak in the sense that it has been in previous years, because of restrictions placed on the movement of certain commodities.

Furthermore, the railroads have markedly improved the utilization of cars. This greater utilization of cars is reflected in shippers' estimates that railroad carloadings during the third quarter will be only 4.6% higher than the same period a year ago. The comparison is misleading since the cars now are much more fully loaded.

Electric power output continues to show substantial gains over last year, with figures for the latest week being 3,457,024,000 kilowatt hours, against 3,433,711,000 in the preceding week. These figures indicated a gain of 9.5% above the year ago total of 3,156,825,000, according to the Edison Electric Institute.

Steel production in the United States has rebounded 1.2 points following the holiday week and schedules this week call for use of 97.7% of capacity, against 96.5% last week, according to the American Iron & Steel Institute.

This week's schedule is equal to output of 1,659,600 net tons of ingots, against 1,639,200 last week, 1,686,700 tons in the first week of June and 1,567,900 net tons for the like 1941 week.

Industrial activity is likely to accelerate only gradually over the next several months with the result that the Federal Reserve Board index of industrial production is not likely to rise more than several points, informed observers state.

The index reached an estimated 178% of the 1935-1939 average during June, a rise of two points over May. While a large number of new plants will be going into production during the next several months, thus tending to increase industrial activity, there are a number of offsetting factors.

For instance, coal production is likely to fall off as industrial consumers reduce their buying in order to prevent further large accumulations. Further, steel production may ease off slightly because of the scrap situation. It is further pointed out that lumber production may also decline because of prospective labor shortages.

Manufacturing activity in the United States expanded sharply in May, continuing the upward trend which has been in progress without interruption since the beginning of the year, according to the Alexander Hamilton Institute. The quantity of goods produced in May was larger than in any previous month on record, rising 15.6% above the like 1941 month, according to the Institute.

Compared with the volume produced in the pre-war month of August, 1939, the output in May of this year showed an increase of 71.3%. It is stated that this expansion has been confined almost entirely to the output of durable goods.

Commodity markets are beginning to reflect the agitation over price control. The entire program has now reached a stage of crisis with a hostile Congress obstructing operating funds for OPA and an increasing number of manufacturers and distributors pressing for relief from squeezes. Labor, with its persistent demands for higher wages, is attacking the program from another quarter.

It is quite likely that funds will be found for running OPA even if such funds have to come from the President's emergency supply. Nevertheless, further price punctures are anticipated so that a gradually rising trend of prices is likely. Some observers believe that prices should rise from 5 to 10% over the second half.

Subsidies apparently are not likely for the time being. It is pointed out that business executives are opposed to them. Furthermore, funds for such subsidies are being withheld by Congress.

A development that makes the inflationary picture anything but cheerful, was the "fact finding" report of a panel of the War Labor Board favoring the request of workers in the "Little Steel" companies for a wage increase of $1 a day.

Should this wage increase be granted it would automatically invite similar action in a number of other pending cases of the same kind, and would thus tend completely to invalidate the most important of the President's seven points for the control of the cost of living. Far and away the most vital two factors in the inflation equation are the declining volume of goods, on the one hand, and the almost perpendicular rise in pay envelopes, on the other. Anything that tends to accelerate, rather than retard, the course of either of these tendencies can only be violently inflationary in its implications.

Latest advices from Washington state that the cash farm income of $11,830,000,000 in 1941, including Government payments of $586,000,000, was the highest on record since 1920.

The 1941 figure compares with a cash farm income of $12,806,000,000 in 1920 and $9,145,000,000 including $765,799,000 in Government payments in 1940.

FDR Hails Spirit Of Freedom On July 4th

President Roosevelt, in a Fourth of July statement, declared that on this "grim anniversary its meaning has spread over the entire globe" and he emphasized that never before in the 166 years since its creation has the day "come in times so dangerous to everything for which it stands." The President, pointing out that the anniversary is being celebrated "in the death-dealing reality of tanks and planes and guns and ships" and "by running without interruption the assembly lines which turn out these weapons," stated that the way to mark the great national holiday is "not to waste one hour, not to stop one shot, not to hold back one blow."

Mr. Roosevelt's statement follows:

For 166 years this fourth day of July has been a symbol to the people of our country of the democratic freedom which our citizens claim as their precious birthright. On this grim anniversary its meaning has spread over the entire globe—focusing the attention of the world upon the modern freedoms for which all the United Nations are now engaged in deadly war.

On the desert sands of Africa, along the thousands of miles of battle lines in Russia, in New Zealand and Australia and the the islands of the Pacific, in war-torn China and all over the seven seas, free men are fighting desperately—and dying—to preserve the liberties and the decencies of modern civilization. And in the overrun and occupied nations of the world this day is filled with added significance, coming at a time when freedom and religion have been attacked and trampled upon by tyrannies unequaled in human history.

Never since it first was created in Philadelphia has this anniversary come in times so dangerous to everything for which it stands. We celebrate it this year, not in the fireworks of make-believe but in the death-dealing reality of tanks and planes and guns and ships. We celebrate it also by running without interruption the assembly lines which turn out these weapons to be shipped to all the embattled points of the globe. Not to waste one hour, not to stop one shot, not to hold back one blow—that is the way to mark our great national holiday in this year of 1942.

To the weary, hungry, unequipped army of the American Revolution the Fourth of July was a tonic of hope and inspiration. So is it now. The tough, grim men who fight for freedom in this so dark hour take heart in its message—the assurance of the right to liberty under God—for all peoples and races and groups and nations, everywhere in the world.

To Pay On Finnish 6s

Holders of 22-year 6% external loan sinking fund gold bonds due Sept. 1, 1945 of the Republic of Finland, are being notified by The National City Bank of New York, as fiscal agent, that it will receive proposals for the sale to it of an amount of these bonds sufficient to exhaust funds available in the sinking fund at prices not to exceed par and accrued interest. Proposals will be received up to 12 o'clock noon July 15, 1942 at the corporate trust department of the bank, 22 William Street, New York, N. Y.

Items About Banks, Trust Companies

J. P. Morgan & Co. Incorporated, New York, in its condensed statement of condition as of June 30, 1942, shows total resources of $681,825,785 and total deposits of $633,335,602, compared with $693,491,887 and $637,020,357 on March 31, 1942. According to the current statement, cash on hand and on deposit in banks amounts to $202,136,563, against $230,318,782 three months ago; U. S. Government securities (direct and fully guaranteed) on June 30 are now given as $356,217,254, compared with $318,023,388; State and municipal bonds and notes are now $23,863,894, against $35,691,020, and loans and bills purchased were reported at $66,749,554 at the end of June, as against $68,889,195 on March 31. The capital and surplus are unchanged from the close of the first quarter at $20,000,000 each, while undivided profits are shown as $1,315,887, compared with $1,214,541 three months ago.

The Chemical Bank & Trust Co. of New York reported as of June 30 deposits of $958,507,086 and total assets of $1,048,729,889, compared, respectively, with $940,555,899 and $1,028,080,283 on June 30, 1941. Cash on hand and due from banks at the end of June amounted to $330,822,455, against $362,126,568 a year ago; holdings of U. S. Government obligations (direct and fully guaranteed) are now shown as $348,582,958, compared with $319,587,627; and loans and discounts are reported as $171,952,055, against $156,683,246. Capital and surplus are unchanged from a year ago at $70,000,000, while undivided profits are now reported at $9,662,494, compared with $8,357,142 a year ago. The indicated earnings of the bank's shares for the second quarter ending June 30 were 60 cents, as against 63 cents for the same period last year.

The statement of condition of the Guaranty Trust Company of New York as of June 30, 1942, issued July 2, shows total resources of $2,587,712,319 and deposits of $2,289,224,763. Current total resources compare with $2,555,077,767 shown at the time of the last published statement, March 31, 1942, and deposits now compare with $2,256,851,587.93 on March 31, 1942. The current statement shows holdings of U. S. Government obligations of $1,306,319,482.86, and loans and bills purchased of $511,072,404.96. The company's capital, surplus, and undivided profits remain unchanged at $90,000,000, $170,000,000 and $19,470,856.52, respectively.

Eugene W. Stetson, President of the Guaranty Trust Company of New York, yesterday, announced on July 1 the resignation of Merrel P. Callaway as Chairman of the Trust Investment Committee of the Board of Directors. Mr. Callaway has recently been appointed sole trustee of the Central of Georgia Railway Co., with headquarters at Savannah, Ga. He will be in New York periodically, however, and will maintain for the present his quarters in the Guaranty Trust Company. Mr. Callaway retired on Jan. 1 this year as Vice-President and head of the Guaranty's fiduciary department, but continued after his retirement as Chairman of the Trust Investment Committee of the Board and in a general advisory capacity. He had been associated with the company since 1919, and is widely known in the fiduciary field through his long active service in trust organizations. He served as Vice-President of the Trust Division of the American Bankers Association, in 1934-35, and as its President in 1935-36. He was one of the organizers of the Corporate Fiduciaries Association of New York City, and served as its Vice-President in 1923 and President in 1924 and 1925.

The statement of the Chase National Bank of New York for June 30, 1942, made public July 2, shows deposits of the bank at the end of June as $3,595,451,000, which compares with $3,628,257,000 on March 31, 1942 and $3,615,428,000 on June 30, 1941. Total resources amounted to $3,869,464,000 compared with $3,899,439,000 on March 31 and $3,889,161,000 a year ago; cash in the bank's vaults and on deposit with the Federal Reserve Bank and other banks, $1,137,399,000 against $1,254,614,000 and $1,311,005,000 on the respective dates; investments in United States Government securities, $1,573,405,000 contrasted with $1,417,883,000 and $1,437,225,000; loans and discounts, $822,753,000 compared with $830,806,000 and $773,392,000. On June 30, 1942, the capital of the bank was $100,270,000 and the surplus $100,270,000, both amounts unchanged. The undivided profits on June 30, 1942, after deducting $5,180,000 from that account for a semi-annual dividend payable Aug. 1, amounted to $40,800,000 compared with $43,043,000 on March 31, 1942, and $37,183,000 on June 30, 1941. Earnings of the bank for the second quarter of 1942, after increased allowance for taxes, are reported as 40 cents per share, compared with 42 cents a share in the second quarter of 1941.

The Corn Exchange Bank Trust Co., New York City, in its condensed statement as of the close of business June 30, reports total assets of $456,895,341 and total deposits and other liabilities of $421,219,592, compared with $471,141,443 and $435,683,292, respectively, on Dec. 31, 1941. Cash items at the latest date amount to $140,440,229, against $176,276,691; U. S. Government securities, less reserve, are reported as $214,745,115, compared with $188,807,523; loans and discounts, less reserve, are shown as $28,714,618, against $31,177,256. Capital of the bank is unchanged at $15,000,000 but surplus and undivided profits now stand at $20,675,749, compared with $20,458,151.

The Fulton Trust Company of New York in its statement of June 30, 1942 reports total deposits of $26,966,691 and total assets of $32,175,119, compared with deposits of $27,943,519 and assets of $33,144,658 on March 31, 1942. Cash, U. S. Government securities and demand loans secured by collateral totaled $26,134,659, against $26,413,189 on March 31. State and municipal bonds were $1,982,025 on June 30, compared with the first quarter's totals of $2,503,566; time loans secured by collateral aggregated $992,524 on June 30, an increase over the March 31 totals of $761,252. The undivided profits account, after provision for dividends in both cases, totaled $945,519 on June 30, as against $939,280 at the end of the first quarter of this year.

The New York Trust Company reports as of the close of business on June 30 total resources of $612,719,718 and total deposits of $568,609,035, compared with $579,318,492 and $535,323,438, respectively, on March 31 last. Cash on hand, in Federal Reserve and other banks, including exchanges, collections and other cash items, in the current statement are given as $197,250,443, against $182,170,387 three months ago; U. S. Government obligations (direct and guaranteed) amount to $265,284,302, as compared with $223,755,086, and loans, discounts and bankers' acceptances are shown as $115,320,558, against $136,341,986. The bank's capital and surplus are unchanged at $12,500,000 and $25,000,000, whereas undivided profits now amount to $3,750,513, as compared with $3,574,721 at the end of March.

The statement of condition of Manufacturers Trust Company as of June 30, 1942 shows deposits of $1,041,290,929 and resources of $1,136,818,521. Deposits are reported over one billion dollars for the first time. These figures compare with deposits of $949,477,244 and resources of $1,044,876,094 shown on June 30, 1941. Cash and due from banks is listed at $363,455,727 as against $338,701,839 a year ago. Figures of United States Government securities stands at $373,772,504; one year ago the total was $346,935,913. Loans and bills purchased amount to $287,446,370, which compares with $246,503,520 a year ago. Preferred Stock is shown as $8,599,540, common as $32,998,440, and surplus and undivided profits as $43,086,937. It is further announced:

"Net operating earnings for the three months ending June 30, 1942, after amortization, taxes, etc., as well as dividends on preferred stock, but before write down of banking houses, was $1,563,292, or 95 cents a share. Of this amount, $824,959 was paid in dividends on the common stock, $111,751 was used to write down banking houses, and $626,582 was credited to undivided profits. Undivided profits account was further increased this quarter by a reversion to undivided profits of $293,240 reserved during the first quarter for the retirement of 14,662 shares of preferred stock, which shares were actually retired during the second quarter."

The National City Bank of New York reported as of June 30 total resources of $3,128,263,792 and total deposits of $2,917,113,053. These figures compare respectively with $3,170,716,166 and $2,878,821,222 at the end of March. Cash and due from banks and bankers is reported at $935,698,027, against $1,035,342,978 three months ago; United States Government obligations (direct or fully guaranteed) $1,277,330,145, compared with $1,168,886,949; and loans, discounts and bankers' acceptances to $595,152,147, against $630,085,109. The bank's capital and surplus remain unchanged from the last quarter at $77,500,000 each, but undivided profits are given as $20,031,715, compared with $18,446,536.

Brown Brothers Harriman & Co., private bankers, report that deposits as of June 30, 1942 reached a new high level of $139,381,529 compared with $137,462,586 three months ago and $127,082,581 a year ago. Total assets on June 30, amounted to $161,700,601 compared with $162,019,786 on

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1942 Fiscal Deficit Set At $19.5 Billion

Secretary of the Treasury Morgenthau announced on July 2 that Government expenditures in the fiscal year ended June 30, 1942, amounted to $32,397,000,000, of which $25,954,000,000, or 80% were for war activities. Revenue receipts totaled $12,799,000,000, a new record, leaving a deficit of $19,598,000,000.

The Secretary also revealed that approximately 25% of the 1942 fiscal year national income was expended for the war effort and that in 1943 it will approximate 55%.

Mr. Morgenthau emphasized the "urgency of obtaining additional revenue" and stated that the pending tax bill in Congress "should be the start, and not the conclusion, of the wartime revenue program."

He added that it will be necessary to borrow "many billions" during the 1943 fiscal year and that "as large a proportion of this money as possible be borrowed from the current savings of the people."

The following is Secretary Morgenthau's statement on the fiscal situation as contained in special Washington advices from Henry N. Dorris:

"Total budgetary expenditures of the United States Government during the fiscal year ended June 30, 1942, were $32,397,000,000 as reflected in the daily Treasury statement released today. Of these expenditures $25,954,000,000, or 80%, were for war activities.

"The rate of expenditure for war purposes has risen rapidly, month by month, reflecting the steady expansion of our war production. In June, 1941, we spent on national defense $832,000,000, or approximately 10% of the estimated national income for that month. In June, 1942, we had succeeded in increasing war production so that war expenditures had risen nearly five-fold to $3,823,000,000, or about 40% of that month's estimated national income.

"In the entire fiscal year just closed we expended approximately 25% of the national income for the war effort. In 1943 the contemplated war expenditures will represent approximately 55% of the national income.

"Net revenue receipts of $12,799,000,000 during the fiscal year were 68% higher than those of the preceding fiscal year, which were the highest up to that time. Despite this rapid increase in revenue, the net deficit for the year amounted to $19,598,000,000.

"If only the receipts from taxes now on the statute books are taken into account, the deficit for the fiscal year which has just begun will be about $56,223,000,000.

"The magnitude of this figure emphasizes the urgency of obtaining additional revenue.

"This indicates clearly that the tax bill now before Congress should be the start, and not the conclusion, of the wartime revenue program. It is evident, however, that no matter how vigorous the tax policy, it will still be necessary to borrow many billions during the fiscal year 1943.

"It is of the utmost importance that as large a proportion of this money as possible be borrowed from the current savings of the people, and that the remainder be raised with a minimum of pressure upon price ceilings and of disturbance to the credit structure. It is also important, in order to minimize the post-war burden of the debt, that the necessary funds should be borrowed without departing from a policy of low-interest rates.

"As a matter of fact, the government's market financing for this period has been carried out at rates no higher than ⅞ of 1% on the shortest term borrowings and 2½% for long-term issues.

"In order to achieve its objectives the Treasury has issued a series of obligations of a restricted character intended to appeal to the current savings of particular classes of investors. The sale of United States savings bonds, for example, has been consistently pressed and has been recently intensified. Thirty per cent of the deficit of the year just ended was financed from this source.

"These savings bonds are now held by millions of individuals, most of whom have never owned a government security before. While these bonds carry with them the right of redemption, the redemptions during the fiscal year amounted to only about 3½% of sales for that period."

New Aide To Morgenthau

Peter H. Odegard, Professor of Political Science at Amherst University, has been appointed an assistant to Secretary of the Treasury Morgenthau. For the last year Mr. Odegard has been consultant on war bond sales.

Senate Finds WPB Not Measuring Up

A special Senate committee investigating national defense recently reported that the War Production Board has not fully measured up to its responsibilities "in the planning of procurement and in guiding the distribution of contracts" and said, according to the Associated Press, that "fulfillment of this responsibility will require a change in both the organization and personnel of some branches and divisions in the WPB."

The Senate committee, headed by Senator Truman (Dem., Mo.), issued its report on June 18, which, said the United Press, held the dollar-a-year men "with temporizing, moderation and delay" in converting civilian industries to armament production.

The committee's inquiry was undertaken at the request of WPB Chairman Donald M. Nelson, after Robert R. Guthrie, former WPB official, resigned in March protesting that some dollar-a-year men had impeded the all-out war production program because of private interests. The committee's conclusions upheld some of Mr. Guthrie's charges, explaining "that certain dollar-a-year men within the Bureau of Industry branches (of WPB) are unable to divorce themselves from their subconscious gravitation to their own industries."

The Senate report recommended that greater responsibility in directing the war production programs be given to small businessmen, labor and "independent-minded production engineers."

The Senate report differed widely from a report on June 16 by a House Military Affairs Subcommittee which, it is stated, found that Mr. Guthrie's charges lacked proof. While finding that there was "a sharp and divided conflict of opinion between Guthrie" and some of his associates, the report read, "there is lack of proof that this was significant of anything other than strong convictions on the part of those whose duty it was to offer technical advice, together with a lack of proof that they intended to serve any interest other than that of the government."

Mr. Guthrie's charges and the order for the inquiry were noted in these columns of March 26, page 1242.

$8.5 Billion Navy Bill Sent To President

The $8,500,000,000 Naval construction bill designed to add 1,900,000 tons of combat ships to the Nation's fleet was passed by the Senate on June 26 and sent to the White House. This bill, which places emphasis on aircraft carriers instead of battleships, was approved (following, it is said, the first secret legislative session held in 18 years) after the rejection of a move by Senator Clark, (Democrat), Montana, to cancel the Navy's authority to construct new battleships.

The measure provides for the construction of 500,000 tons of aircraft carriers, 500,000 tons of cruisers, 900,000 tons of destroyers and escort vessels and some 800 small patrol boats. Pointing out that the bill does not provide for any battleships, Associated Press accounts from Washington, June 26, said:

> However, the Navy is left free to build, or not, as it chooses, battleships previously authorized. Representative Vinson, Democrat, Georgia, recently disclosed that the Navy planned to defer construction of certain battleships in order to concentrate on aircraft carriers.

House passage of the bill on June 18 was noted in these columns June 25, page 2398.

Land Bank Loan Rate Extended By President

President Roosevelt signed on June 29 the bill extending for another two years the 3½% interest rate on Federal Land Bank and Land Bank Commissioner loans, but in a formal statement called upon Congress to eliminate inherent inefficiences in the present loan system so as to avoid continuing Treasury subsidies.

The measure passed the House on May 26 and the Senate in amended form passed it on May 27; a conference report was adopted by the House on June 8 and the Senate on June 18. House action was referred to in our issue of June 11, page 2219.

The bill extends the present 3½% reduced rate on the loans, and continues to make available a reduced rate of 4% to farmers who have purchased land from a Federal land bank or the Federal Farm Mortgage Corporation either on a purchase-money mortgage or on a real estate sales contract. In his statement of June 29 the President said that "to the extent that these interest rates may be lower than the contract rates the operating costs of the farmers affected will be reduced. It will cost the Federal Treasury somewhat over $67,000,000 in subsidies during the two years it will be effective." The President added:

"Similar statutory reductions in interest rates have been in effect since 1933 pursuant to a succession of temporary acts of Congress. Two of these acts, one in 1937, the other in 1938, I returned without approval, because, in my opinion, the expense to the Treasury which they involved was unjustified by any benefits to be expected from them.

"When the two-year extension enacted in 1940, was approved, I anticipated that legislative action would be taken promptly to remove impediments to the efficiency of the Federal land bank system which have made it impossible for the land banks to furnish farmers with long-term mortgage credit on reasonable terms without subsidies from the Federal Treasury.

"During the two years since intervening, despite intensive studies of these problems and specific practical recommendations by the Farm Credit Administration, based on these studies, no action has been taken to make the necessary changes. As a consequence, the Nation is again confronted with a proposal to extend for an additional temporary period this costly method of reducing the interest costs to land bank and Land Commissioner borrowers. Again it is proposed to make up, out of public funds, deficiencies in the income of the Federal land banks, which deficiencies would not occur if those banks were enabled to conduct their operations at full efficiency.

"The reasons why no action has been taken to remedy the obvious defects in the laws governing the functioning of these important agencies are obscure and unconvincing. There is no evident justification for imposing indefinitely upon the Treasury of the United States an expense which results solely from failure to adapt the basis upon which the land banks can operate to the realities of the function they have to perform by eliminating from their required structure and operations costly procedures that serve no useful public function.

"These are times when every resource must be strained to win this war, when every sound economy that can be achieved must be put into effect, when every useless effort must be abandoned, and when every action that will improve the speed and effectiveness of essential operations must be taken without delay.

"On the other hand I believe that the necessity of providing farm mortgage credit on reasonable terms, is beyond questioning. The present statutory reduced interest rates expire on June 30th of this year. This bill adopts the only immediately practicable method of forestalling their imminent expiration.

"Accordingly, I have approved it, despite the fact that it fails completely to provide for obviously necessary improvements in the structure and operations of the agencies it would subsidize.

"H. R. 6315 cannot, however, be regarded as more than a palliative, nor serve as an excuse for deferring, for a further unreasonable period, the correction of substantial, basic defects in the structure of the Federal farm mortgage credit system that have made it necessary to throw upon the Treasury expenses such as those imposed by this legislation. It is plainly essential that steps be taken promptly to so simplify the pattern of the system as to eliminate its present, inherent inefficiencies, and thereby relieve the Treasury of the recurrent burden of these unnecessary costs."

Roosevelt Urges Farmers To Settle Debts

President Roosevelt on July 3 urged farmers to pay off their debts, mortgages, and other obligations so as "to avoid the unnecessary hardships such as were experienced by farmers and others during and following the First World War."

Mr. Roosevelt's appeal was made in a letter to Secretary of Agriculture Wickard endorsing efforts of the Farm Credit Administration to induce its farmer-borrowers to reduce their outstanding indebtedness in view of estimated increased incomes. According to the Associated Press Agriculture Department economists estimate that farmers owe debts equaling about 21% of the total value of all their property—including land, houses, machinery, livestock and other goods. This debt included about $7,000,000,000 in long-term farm mortgages, $2,580,000,000 of which the government holds, and $3,000,000,000 of short-term obligations.

The President's letter, although referring to the debts of all farmers, made specific reference to borrowers from the Farm Credit Administration and the effort which the administration has been making to induce farmers borrowing from it to use their increased incomes and such surplus funds as they may have on hand to reduce their outstanding indebtedness, particularly their long-term farm mortgage debts.

In his letter the President said:

"Those who take this advice will be contributing in a real way to the accomplishment of three important objectives. First, by making such payments they will reduce farm mortgage debt which might otherwise be burdensome in the readjustment period after the war. Second, use of increased purchasing power to pay debts instead of buying such things as we all can reasonably do without during the war will help keep the prices of such things from rising. Farmers like all citizens of the nation fear inflation. Third, repayments to creditors will enable them to buy more war bonds, thereby contributing materially to the war effort.

"I can not emphasize too strongly the need for a continuation of this constructive policy by the Farm Credit Administration and its cooperating borrowers."

According to A. G. Black, Governor of the Farm Credit Administration, borrowers from the Federal Land Banks and Land Bank Commissioner have made substantial progress in the last year in reducing their debts. They paid on the principal of their loans last year some $205,000,000 and of this amount nearly $80,000,000 represented loans paid in full, prior to maturity. The Governor added:

"In fact, farmer-borrowers paid off their loans in about twice the amount that the banks were able to make new loans last year, and the rate is increasing. In addition, borrowers have paid nearly $8,000,000 into future payment funds—all but $2,000,000 has been deposited since the first of this year. This is a sort of 'rainy day' fund upon which interest is paid at the same rate as borrowers pay on their loans. The amounts deposited in this fund are available to the borrowers to apply to the instalments on their loans when incomes are reduced.

"I believe farmers generally will make a strenuous effort to reduce or eliminate entirely their debts during this period when prices of farm commodities are more favorable than ordinarily."

Safe Conduct Compact Broken By Germany

The State Department at Washington announced on July 1 the termination of the agreement with Germany for the exchange of each other's nationals, the Department, it is said, alleging that Germany had violated the agreement in that it has refused to guarantee safe conduct for future voyages of the Drottningholm. The Swedish exchange ship arrived in New York on June 30 on her second voyage from Lisbon bringing 942 passengers, of which about 500 were American citizens.

The State Department's announcement said:

The German Government has withdrawn the previously agreed safe conducts for future voyages of the Drottningholm between New York and Lisbon and has thereby violated the exchange agreement. This government informed the German Government through the Swiss Government by note "that the German Government, by unilateral action, has violated the agreement entered into between this government and the German Government for the exchange of their nationals in that it has withdrawn the safe conduct previously given for the several round-trip voyages of the Drottningholm between New York and Lisbon.

"As the assurance of this safe conduct was an essential part of the exchange agreement between the two governments, this government must consider the agreement as terminated by the act of the German Government."

The ship's first exchange voyage was referred to in our issue of June 11, page 2211.

In the New York "Herald Tribune" of July 2 it was stated:

"The Drottningholm arrived at Pier F, Jersey City, Tuesday morning, and still on board last night and virtually held incomunicado were 868 of the original passenger list of 942, only 74 passengers having been allowed to leave the ship yesterday and Tuesday.

"Berlin's reason for withdrawing safe conduct for the Drottningholm, it was learned reliably in Washington, was unwillingness to permit vessels to pass through the blockade area recently proclaimed by the Germans along the Atlantic Coast, where Axis submarines are reported to have laid mines.

"It was made clear that the development has no bearing on the exchange agreements with Japan. The Swedish motorship Gripsholm left New York June 18 with Japanese diplomats and nationals and is en route to Lourenco Marques, Portuguese East Africa, where the exchange is to take place. The Gripsholm is due back in mid-August with 1,500 Americans from the Far East.

Red Cross Report On Foreign War Relief

President Roosevelt transmitted to Congress on June 29 a report, prepared by the American Red Cross, of obligations under the appropriation of $50,000,000 for refugee relief, contained in the Emergency Relief Appropriation Act of 1941 and the appropriation of $35,000,000 for foreign war relief, contained in the Third Supplemental National Defense Appropriation Act of 1941.

The report is said to show that more than 15,000,000 persons in Europe, Asia and Africa had received effective assistance through the American Red Cross and that the value of the foreign war relief made available to all foreign countries by that organization as of April 30, 1942, totaled $60,732,194.

Of this amount, it is stated supplies purchased or committed from government funds for the benefit of 12 countries were valued at $46,254,864.

According to Associated Press Washington advices June 29, the report disclosed:

The total loss at sea has been very small. Out of $24,092,037 worth of government-purchased supplies shipped up to April 30, 1942, only $653,113 worth have been lost at sea.

Except for the requisitioning for military use in Australia of supplies consigned to China and on the high seas on Dec. 7, 1941, and the presumed loss of a small quantity in Java, there has been no confirmed confiscation of Red Cross supplies and no diversion by authorities other than the American Red Cross of any supplies from the purpose for which they were intended.

The Associated Press also reported:

In Great Britain relief made available amounted to $32,861,145, including supplies purchased with government funds and valued at $14,910,872.

For Russia the Red Cross had made relief available to the value of $3,766,630 as of April 30.

It was estimated that 4,245,000 persons benefited by Red Cross operations in China with relief made available from the summer of 1940 to April 30, 1942, amounting to $3,842,364.

In France Red Cross supplies and relief amounted to $6,136,526, excluding relief sent to French prisoners of war.

Other supplies made available included those for French Equatorial Africa, $140,499; Greece, $462,937; Iceland, $45,161; Spain, $1,687,747; Yugoslavia, $60,923; Philippines, $258,866; Hawaii, $405,777, and Insular possessions, $81,132.

Retail Services Frozen

Price ceilings—safeguard to the housewife and the business man against an inflationary rise in the war-time cost of living and of doing business—were extended on July 1 to retail services, the third major step in the application of over-all price control.

Also brought into operation on July 1 were three other important provisions in the Office of Price Administration's program for stabilizing prices and rents until peace-time conditions return. Specifically, these are the July 1 developments:

"1. Beginning July 1, ceilings established by Maximum Price Regulation No. 165 — Consumer Services — set a top limit on charges for virtually all services supplied to the ultimate retail consumer in connection with a commodity. The ceilings are designed to hold maximum prices for the $5,000,000,000 retail service industry generally at levels of last March.

"2. Beginning July 1, rigid Government ceilings place a lid on housing rents in 75 population centers where close to 38,000,000 Americans live. The extension of rent regulations to these areas is the broadest move yet taken to cap the rise in housing rent, which, next to food, is the largest single item in the family budget. The rent ceilings apply in these areas to all accommodations in which people live and for which they pay rent — houses, apartments, tenements, hotels, dormitories, rooming houses and the like.

"3. By July 1, every store selling at retail any of the cost-of-living commodities listed in the General Maximum Price Regulation must have filed with the nearest War Price and Rationing Board a statement showing the store's ceiling price for such of these cost-of-living articles as it carries.

"4. Beginning July 1, every retailer, wholesaler, jobber, distributor, and manufacturer must have available in his place of business for public inspection a statement showing the highest prices he charged during the March base pricing period for articles or services for which the General Maximum Price Regulation sets a ceiling. This statement must also show customary allowances, discounts and other price differentials. However, where a person other than one selling at retail claims that he would suffer "substantial injury" from making such a statement public he may file it with the nearest district or State OPA office.

In the first step ceilings were applied on May 11 at manufacturing and wholesale levels to goods and services not previously covered by maximum price regulation (noted in our issue of May 7, page 1785.

In the second step, ceilings were extended to cover sales of goods at retail; referred to in these columns May 21, page 1948.

The OPA added on July 1 that the pattern is now complete with the application of price ceilings to the great majority of retail services, the most common examples of which are the family laundry, dry cleaning, shoe repairing, automobile repairing, and various household repair jobs.

OPA Orders Rent Cuts In 54 Defense Areas

The Office of Price Administration on June 29 issued maximum rent regulations, effective July 1, for 54 defense-rental areas, bringing rents back to levels prevailing on Jan. 1, 1941 in 7 areas, April 1, 1941 in 27 areas, July 1, 1941 in 6 areas, and March 1, 1942 in 14 areas.

The OPA also announced the extension of the control areas in 10 of the 20 areas in which Federal control went into effect June 1.

In bringing 54 areas under control, Price Administrator Leon Henderson said:

This is the largest move taken yet to bring relief from inflated rents, but I want to say this at once: We have not stopped yet. The 60-day waiting period set up by the Emergency Price Control Act has expired in 248 other defense-rental areas. Because they were not included in this action we are taking today does not mean that we do not intend to act in any single one of them. We will make rent control effective in any one of those areas as soon as conditions warrant, and as soon as we can recruit sufficient personnel, and open office to administer Federal rent regulation. How soon this will be I cannot say at this time. However, I want to say to the people in those areas that we will get to your rents just as fast as you need us.

The new regulations apply to hotels and rooming houses as well as to apartments and rented homes.

From Washington

(Continued from First Page)

take the steel for ships or for tanks."

As Kipling would say, "Tanks, tanks, tanks!"

In the last war which was certainly bigger and bloodier than this one has been so far, there was scarcely any dislocation of our industry, scarcely any of our domestic economy. Sugar was rationed, there were meatless and wheatless days, but mostly the populace went about its business.

But this, it seems, is the worst of all wars, it's a mechanized war.

Thus we send tanks (and we are using tanks as more or less of a symbol of the whole mechanized warfare complex) to the Far East, we send tanks to Britain, we send tanks to Russia, we send them to Libya. We back them up on our wharves. Yet tanks played little part in Japan's taking a good portion of the British Empire, they played little part in the Philippine fighting. And Britain, assuming it has maintained any production at all, must have tanks piled up sky high. Russia has been preparing for war even longer than Germany and certainly the propaganda the past 20 years has been to the effect that it excelled in production. What our tremendous war production has accomplished there, how much aid it has been, we have no way of knowing.

There is one place where we can get a pretty good picture. In Libya 300 of our tanks went out looking for fight on one occasion. They were "ambushed" we are told and only 30 come back! Try to picture an ambush of tanks. But, according to the Ordnance Department defenders of our tanks, they were swept upon by a group of inferior tanks. The Germans had some 88 millimeter guns which our experts, we are told, had known about all the time. But apparently it wasn't a fair engagement, not only played according to the rules. The tanks we sent out were vastly superior in that they could fire while still in movement. Those guns of the Germans were inferior stationary things. Can you imagine them being so lacking in style or modernity, as to have to come to a stop to fire? It so happens that firing in this position, they bowled our tanks over like straw.

This writer is one of the few in Washington who doesn't claim to be a military expert. So the only purpose of this article is to set forth what is going on in many Washington minds. It is the feeling, that from the fright we got from the word "panzer," we have gotten hysterical about "production" without stopping to think what we particularly need to produce or what we intend to do with it, or how much we should produce. War production for the sake of war production seems to be our goal.

Mr. Roosevelt, as if to frighten the living daylights out of Hitler, announces goals in tanks, planes and ships. Tremendous goals. Donald Nelson's business is to attain those goals. If need be every business in the country must be shut down to attain them. The Nation with the greatest wealth of raw materials in the world runs short. Paul McNutt issues grandiose statements about the shortage of manpower to meet these goals. Thousands of men thrown out of work from the closing down of businesses wonder just when this shortage will absorb them.

Our planes do a tremendous job in repulsing the Jap attack on Midway, then we learn from Winston Churchill it was at the cost of a relatively tremendous number of lives of American airmen. The Russians still scoff at our expectations of bombing Hitler into submission, and it is a fact that we don't seem to be able to bomb the Jap landing parties out of the Aleutians.

War production is our goal. And after a tremendous propaganda barrage against our industry, war production is being accomplished at the expense of everything else. This in spite of the conviction of a number of well known authorities that the greatest single deterrent against inflation, about which there is so much talk and little action, is **civilian** production.

We are reminded of the statement which the British economist, Keynes, made to a group of New Dealers back in early 1941 when they were arguing about how much war production was needed. In effect, it was:

"You ought to produce to see just how much you can produce."

Apparently that's our aim, regardless of the consequences.

Fed. Corporation Taxes May Cause Borrowing

(Continued from First Page)

culties, among them the prospect of reduced net income as a result of the higher 1942 tax rates."

According to the Board a very considerable variation was found in the experience reported by the companies surveyed, due not only to differences in the financial position of companies but also to the uneven effects of the war. The Board further comments:

"Some corporations have been forced to reduce or liquidate inventories because of restrictions, some have speeded collections considerably. In a number of instances, the trend of sales and taxable income has been downward. The problem of obtaining cash seems more difficult for the small than the large corporation.

"About half the reporting companies are using tax anticipation notes, with more than four-fifths finding them a convenience. In some cases, notes are being bought for patriotic reasons only. In others, they are being bought monthly, as a practical budgeting procedure, to cover fully estimated liability. Obviously, this budgeting plan cannot be adopted where cash is not available or must be used for other purposes."

Corporation executives also find in the situation now developing factors which are likely to confront industry with problems of importance in the postwar period. As to this phase of the situation, the Board says:

"Executives are obviously anxious to be in as favorable a financial position as possible at the end of the war, although they do not want to be forced into decisions which might restrict the war effort. Several recommend the British practice of providing a postwar tax refund, others recommend reconversion reserves. Fear was also expressed by some companies that they might find themselves in an illiquid position at the war's end, with large sums tied up in inventories, so that it would be exceedingly difficult for them to finance the shift back to peacetime production. Consciousness of potential postwar financial hazards is causing some companies to investigate the possibility of obtaining long-term funds, so that they will not be caught if the market is closed to them when their needs develop."

To Buy Colombian Rubber

The United States received exclusive rights to purchase Colombian rubber in an agreement signed on July 2 between the Rubber Reserve Co., a U. S. agency, and the Colombian Credit Bank, according to Associated Press advices from Bogota, Colombia, which said:

"Under the agreement the United States will help in developing rubber production with $1,000,000 in Reconstruction Finance Corp. funds which will be made available."

Priority Rule May Be Invoked On Phone Use

James L. Fly, Chairman of the Federal Communications Commission, warned on June 29 that it may be necessary to place a priority system on local and long-distance telephone calls unless the public voluntarily cooperates in making fewer calls. Indicating that telephone facilities are overburdened, Mr. Fly told a press conference that expansion of the communications system would likely be prevented because it would require the use of critical war materials and that, therefore the FCC would probably "take definite steps to lessen demands on the system."

The FCC Chairman disclosed that since January, 1941, the load on toll systems throughout the country had increased an average of 50% and in the larger cities an average of 78%. There were even higher increases in defense centers, it is stated. He added that an average of 15% of important toll calls concerned with the war are delayed by "busy signals."

Mr. Fly, who is also head of the Board of War Communications, on June 27 sent letters to all telephone companies and to the heads of Government agencies, asking them to obtain the cooperation of telephone users in eliminating unnecessary calls. It was urged that wherever possible telegraph facilities and the mails be used and that non-essential calls be made in the "off-peak" hours—defined as noon to 2 p.m., 5 p.m. to 7 p.m. and 9 p.m. to 9 a.m. Mr. Fly stated:

With the growing use of telephone resulting from expansion of the war effort, there is every reason to believe the situation will continue to grow worse both in the toll and exchange fields. Shortages in materials and personnel are likely to prevent relief through expansion of facilities. Under these circumstances, the Board has concluded that remedial measures should be taken promptly.

Nation-Wide Salvage To Be Intensified

A new and greatly intensified nation-wide salvage program, designed to reach into every home and industrial plant and increase the flow of all vital scrap materials to the country's war plants was announced on July 1 by Donald M. Nelson, Chairman of the War Production Board, and Lessing J. Rosenwald, Chief of the Bureau of Industrial Conservation. The overall campaign will start formally on July 13. With regard thereto Mr. Nelson said:

"The immensity of the task we face, makes it absolutely necessary to step up the tempo of our national salvage program. Our war production is limited only by the supply of raw materials, and scrap is an important part of the raw materials supply. This makes it clear that the only way we can meet the requirements of war production is to collect every last bit of scrap from every farm and home, and from every commercial enterprise and industry in the country."

Beginning this month, the 12,000 State and local salvage committees already in existence will have new forces at work to help them, provided by private industry working in cooperation with the Bureau of Industrial Conservation.

One of these forces is a national advertising program, sponsored by private industry and aimed at telling the public the facts about what we need, why we need it and what each person can do to help. Another new force is the joint assistance of the farm implement industry, which has been offered for the movement of farm scrap in a "National Scrap Harvest." Through these various arrangements, it is announced, salvage committees will be able to step up their all-out continuing effort. "No one of us can afford to relax," said Mr. Rosenwald. "We must all redouble our efforts for the long pull, realizing that the salvage program is not a one-week or a one-month campaign, any more than this is a one-week or a one-month war."

While the Bureau of Industrial Conservation considers the new campaign as an integrated whole, it has the following clearly defined parts:

1. An intensified campaign to collect metals, especially iron and steel, and rubber and other waste materials which will flow through regular channels of trade.

2. A waste fats campaign, in which housewives will be urged to sell their waste kitchen fats, such as bacon drippings, to meat dealers who will send them back through the normal channels of trade. Waste fats are needed to stimulate production of glycerine, which in turn is needed for war and industrial explosives.

3. A tin can collection campaign which is to be carried out only in selected localities, and then only when local announcements are made.

It is further announced:

"In support of the overall effort, which is known as the National Salvage Program, the iron and steel industry has already raised approximately $1,500,000 to pay for national advertising which will be run in daily and weekly newspapers, general and farm magazines, and trade journals, and also for radio time. It is expected that this fund may be increased. The advertisements sponsored by the industry will be designed to stimulate all scrap collection, including metals other than iron and steel, and also rubber and other materials.

"The glycerine producers and associated industries have raised a fund of approximately $500,000 to pay for additional advertising directed especially toward waste fats collection.

"These industry advertising campaigns will be closely integrated with the program of the Bureau of Industrial Conservation and will take advantage of the fact that the summer is the best time of year to build up stockpiles of waste material."

Final Payment of 3½% to World's Fair Bondholders

Harvey D. Gibson, Chairman of the Board of the New York World's Fair 1940 Inc., notified registered owners of the outstanding 4% debentures on June 28 that arrangements have been made for a final payment of 3½% of the original principal amount. This final distribution of $940,198 is payable only upon surrender for cancellation of the debentures to the Chase National Bank. The original principal amount of the bonds issued was $26,862,800. Adding previous payments of 10.5% in 1939 and 16.75% in 1941 to the present 3.5% total payments on principal amount to 30.75%. However, holders received seven interest payments aggregating 9.43%, making the gross return 40.18%.

Mr. Gibson's final report showed that the total cost of the Fair was about $155,000,000 and that as of May 31 the corporation had a deficit of $19,021,433. It also is said to have been disclosed that approximately 80% of the outstanding debentures are owned by exhibitors, local banks and concessionaires, and that the staff of the Fair Corporation, which at the peak of operations totaled 10,000 persons, now is reduced to one—a bookkeeper.

Mr. Gibson said that it will take about two or three years to wind up the corporation, which will be under the jurisdiction of the courts, and that after that time a small additional sum may be available for the bondholders.

Further Seizure of Enemy-Owned Patents

Leo T. Crowley, Alien Property Custodian, announced on June 23 the seizure by his office of an additional group of more than 750 enemy-owned patents, including about 200 of the I. G. Farbenindustrie not previously taken over. The Associated Press reporting this stated that a number of patents owned by Japanese, Italian and Hungarian corporations and individuals also were included. It is likewise reported that several thousand miscellaneous enemy-owned patents important to war production have already been taken over by the Government through the Alien Property Custodian, whose office is said to be taking over enemy patents at the rate of about 1,000 a week. Some of the fields covered by the seizures dealt with gasoline and synthetic rubber, the manufacture and processing of steel, aluminum and other metals, mechanical and electrical processes and equipment and many governing radio, television and aircraft instruments. It is estimated that the nationals of countries which are at war with the United States hold or have interests in 61,000 patents and that nationals of other countries now occupied or dominated by the Axis are interested in an additional 40,000 patents.

Processes and equipment covered by the seized patents will be made available to American industry.

ODT Head Insists On Curb Of County Fairs

Joseph B. Eastman, Director of Defense Transportation, on June 25 reiterated his stand incident to his request for postponement of all State and county fairs until after the war; in reaffirming his policy, Mr. Eastman pointed out that the purpose of his request was to save tires. The Associated Press Washington accounts, June 25, further indicated his views as follows:

"Therefore," he said, "it might properly be disregarded in the cases of those fairs where the amount of travel would not be greater than going to town for marketing purposes or where local mass transportation systems could handle the bulk of the crowds.

"There may also be situations where the fair is to open at so early a date that postponement is now impracticable," he added.

Asking recall of the request, a delegation headed by F. H. Kingman, of Brockton, Mass., Secretary of the International Association of Fairs, which represents 2,200 county and State fairs, conferred yesterday with Eastman.

In rejecting the appeal, Mr. Eastman conceded that postponement would be a deprivation to the farmer, but "by no means an intolerable deprivation."

"Nothing is more important than the preservation of our rubber borne transportation," he said "and to no group of our population is this more important than to the farmers. My request with respect to State and county fairs rests on that proposition."

According to Associated Press advices from Albany, N. Y. on 27, a committee representing 35 of New York's 52 annual fairs agreed unanimously on June 24 that the State's exhibitions are exempt from Mr. Eastman's original tire-saving plea. It is contended that under his later explanation this request could properly be disregarded where attendance does not involve extensive travel.

A previous item bearing on Mr. Eastman's request appeared in our June 25 issue, page 2396.

Anti-Trust Charges Upheld Against A.M.A.

The District of Columbia Court of Appeals upheld on June 15 the conviction of the American Medical Association on charges alleging restraint of trade in violation of the anti-trust laws. The Associated Press reported on June 15 that unanimously the three-judge Appellate Court sustained the finding of a jury in April of last year that the A. M. A. and the Medical Society of the District of Columbia had interfered, in illegal restraint of trade, with operations of Group Health Association, a cooperative organization of Federal Government employes, which engages physicians and nurses to furnish medical care on periodical prepayment basis. As to the Court's finding on June 15 the Associated Press said:

Officers of the Medical Association and District of Columbia Society were also indicted, but were acquitted by the jury which convicted the organizations. Justice James M. Proctor assessed fines of $2,500 against the association and $1,500 against the society.

A point of appeal was a contention that the conviction of the organizations and acquittal of their officers was inconsistent.

Associate Justice Justin Miller, who wrote the opinion of the Appellate Court, declared, however, that "complete identity of participation in the conspiracy was not necessary upon the part of the participants, either in fact or law."

The doctors' organizations also argued that the lower court verdict should be overturned on the grounds that the controversy was a labor dispute, and hence exempted from the anti-trust statutes.

On this point, Judge Miller conceded that physicians might "labor," but expressed the opinion that Congress when exempting labor disputes from the anti-trust laws had in mind a "more limited range of activity."

Discussing the argument of the defendant organizations that they had power to effect a reasonable regulation of the practice of medicine, the opinion said:

"The situation which confronts appellants, and which they have sought to control, is not confined to the medical profession alone. Profound changes in social and economic conditions have forced members of all professional groups to make readjustments.

"The fact that these changes may result even in depriving professional people of opportunity formerly open to them does not justify or excuse their use of criminal methods to prevent changes or to destroy new institutions. Lawyers, too, have seen during recent decades large-scale changes in their professional work. There was a time when lawyers worked entirely on fees or retainers. . . . Now many of them are salaried employees."

Officials of the Medical Association announced in Chicago on June 15 that an appeal would be made to the U. S. Supreme Court.

A reference to the proceedings against the A. M. A. appeared in these columns June 14, 1941, page 3737.

SEC Reports On Coal Mining, Auto Parts

The Securities and Exchange Commission has made public the 16th and 17th of a new series of industry reports of the Survey of American Listed Corporations. Report No. 16 covers corporations engaged primarily in the mining of coal and report No. 17 covers 82 corporations manufacturing automobile parts and accessories, which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940.

The coal mining report is divided into two groups, anthracite and bituminous. With respect to the seven corporations included in the group mining anthracite, the SEC said:

The combined sales reported by the group were $108,000,000 in 1940 compared with $101,000,000 in 1939 which resulted in net losses after all charges of $1,000,000 in 1940 and $9,100,000 in 1939. Total dividends paid out by these enterprises were $600,000 in 1940 compared with $200,000 in 1939. The combined assets reported by the group totalled $254,000,000 at the end of 1940 compared with $257,000,000 at the end of 1939, while surplus deficit increased from $14,000,000 at the end of 1939 to $15,000,000 at the end of 1940.

The following regarding the 21 bituminous corporations was given in the report:

The combined sales reported by the group were $245,000,000 in 1940 compared with $215,000,000 in 1939. Net profits after all charges totalled $12,000,000 in 1940 against $3,300,000 in 1939, equivalent to 4.8% and 1.5% of sales, respectively. Total dividends paid out by these enterprises were $7,200,000 in 1940 compared with $4,300,000 in 1939. The combined assets reported by the group totalled $555,000,000 at the end of 1940 compared with $559,000,000 at the end of 1939, while surplus increased from $105,000,000 at the end of 1939 to $111,000,000 at the end of 1940.

SEC Report No. 17 listed the following data:

The combined sales reported by the group of companies having comparable information in both years were $894,000,000 in 1940 compared with $685,000,000 in 1939. Net profits after all charges totalled $74,000,000 in 1940 against $56,000,000 in 1939, equivalent to 8.3% and 8.2% of sales, respectively. Total dividends paid out by these enterprises were $48,000,000 in 1940 and $38,000,000 in 1939. Combined assets at the end of 1940 totalled $622,000,000 compared with $543,000,000 at the end of 1939, while surplus increased from $249,000,000 at the end of 1939 to $272,000,000 at the end of 1940.

Heads N. Y. Controllers

G. E. Foster, Controller of The Brooklyn Union Gas Co., was elected President of the New York City Control of the Controllers Institute of America, at the annual meeting of the local group, held recently in the Yale Club, New York. Mr. Foster succeeds Cecil W. Borton, Assistant Vice-President of the Irving Trust Co. Two Vice-Presidents were chosen: Vincent C. Ross of Prentice-Hall, Inc., and Franklin W. Rutherford of the North British & Mercantile Insurance Co., Ltd. L. W. Jaeger of the Colonial Optical Co., Inc., was re-elected Treasurer, and G. T. Zignone of G. P. Putnam's Sons was elected Secretary. Twelve Directors also were named, as follows:

Thomas A. Boyd, General Telephone Corp.; Harry L. Camp, The Borden Co.; Harry C. Gretz, American Telephone & Telegraph Co.; Arthur C. Harragin, Lone Star Cement Corp.; H. George Hinck, Wallerstein Co., Inc.; Riche H. Johnson, Socony-Vacuum Oil Co., Inc.; Marvin W. Kimbro, General Foods Corp.; Charles B. Lunsford, The Equitable Life Assurance Society of the United States; George N. Mauger, The Dime Savings Bank of Brooklyn; Earle G. May, McLellan Stores Co.; Dennis J. McNamara, The Flintkote Co.; and Henry Z. Walck, Oxford University Press, New York, Inc.

FDR Says War Production Well On Way To Goals

President Roosevelt on June 26 revealed that in May the United States produced nearly 4,000 planes, 1,500 tanks, 2,000 artillery and anti-tank guns and more than 100,000 machine guns and anti-aircraft guns. In a formal statement the President said that "we are well on our way towards achieving the rate of production which will bring us to our goals."

While stating that these figures give some idea of our production accomplishments, Mr. Roosevelt warned that "this is no time for the American people to get over-confident," adding that "we can't rest on our oars."

The President's statement follows:

We ordinarily do not release production figures because they might give aid and comfort to the enemy. I am going to give today just a few which are definitely going to give the Axis just the opposite of "aid and comfort."

We are well on our way toward achieving the rate of production which will bring us to our goals.

In May we produced nearly 4,000 planes and over 1,500 tanks. We also produced nearly 2,000 artillery and antitank guns. This is exclusive of anti-aircraft guns and guns to be mounted in tanks.

And here is a figure which the Axis will not be very happy to hear—in that one month alone we produced over 50,000 machine guns of all types—including infantry, aircraft and anti-aircraft. That does not include sub-machine guns. If we add those in, the total is well over 100,000. All these figures are only for one single month.

While these figures give you some idea of our production accomplishments, this is no time for the American people to get over-confident. We can't rest on our oars. We need more and more and we will make more and more.

And we must also remember that there are plenty of serious production problems ahead—particularly some serious shortages in raw materials, which are receiving the closest consideration of the Government and industry.

McCook Joins NAM Staff

H. Kennedy McCook, wartime priorities specialist, has joined the Washington staff of the National Association of Manufacturers to assist in coordinating activities of the NAM War Committee with those of the Government war agencies, William P. Witherow, Association President, announced on June 28.

In making known Mr. McCook's acceptance of the position, President Witherow said:

Mr. McCook's knowledge of general governmental activities and particularly those connected with the war effort in which he has had practical, first-hand experience eminently qualify him for his new duties.

In this connection Mr. McCook also has taken over the technical service functions formerly performed by Harry L. Coe, who has resigned. The announcement also notes that Mr. McCook has a backround of broad experience gained from almost two years with the War Production Board, where he performed important policy-making and administrative duties involving materials and manufacturing. It is added that for more than 25 years he has had experience and contact with various governmental departments and activities as a practitioner of departmental law in Washington.

War Bond Bank Allotment Campaign

A bank account allotment plan for selling War Bonds to proprietors of retail establishments has been devised by Philip J. Kelly, Chairman of the beverage section of the War Bond Campaign in the New York area. An announcement in the matter says:

"The method is by use of a Bank Account Allotment card, devised by Mr. Kelly and approved by the Treasury for use in one area until how the plan works can be checked. A man's signature on this card is an order to his bank to make regular deductions to buy War Bonds. The first 227 persons to fill out the cards ordered bonds with a face value of $12,125 for immediate delivery and another $9,200 worth every month "for the duration" unless canceled in writing at some subsequent date. This is an average of nearly $100 worth of bonds for each person during the first month of the drive. The significance of these figures is enhanced when it is realized that this campaign has been restricted to proprietors of taverns and package stores in the metropolitan district; and while some of these establishments do a sizable business, most of them operate with a force of only one or two or three persons besides the proprietor. More than 80% of the orders are for one $25 bond a month; the average is brought up because of a few orders for bonds in $500 and $1,000 units."

July Food Stamp List

Participants in the Food Stamp Program will have a wide choice of fresh fruits, fresh vegetables and staple foods from which to choose among the Blue Stamp foods listed for July, the U. S. Department of Agriculture said on June 27. All of the foods included in the July list are those obtainable nationally in areas where the Food Stamp Program is in operation. The Department further said:

Fresh peaches, fresh plums, fresh apples, and Irish potatoes have been added to the list for July. Dried prunes, which are being acquired in large quantities for use by armed forces, and fresh grapefruit, for which the season of heavy marketing is about over, have been removed from the list.

With these changes, the complete list of Blue Stamp foods issued by the Agricultural Marketing Administration for the period July 1 through 31 in all Stamp Program areas is: fresh peaches, plums, apples, and oranges, all fresh vegetables, including Irish and sweet potatoes, shell eggs, butter, cornmeal, hominy, (corn) grits, dry edible beans, wheat flour, enriched wheat flour, self-rising flour, enriched self-rising flour, and whole wheat (Graham) flour.

By providing wider markets for various commodities during heavy marketing periods, the Food Stamp Program helps to insure farmers a fair return for the efforts they are making to produce abundant quantities of all food needed by the United Nations. The Program also adds many nutritious foods to the diets of public aid families who could not otherwise buy them.

Russia Promised Aid On New War Fronts

Harry L. Hopkins, the President's special adviser and supervisor of the Defense Aid program, declared on June 22 that a second front, and, if necessary, a third and fourth front will be opened. In a speech before a mass meeting at Madison Square Garden, New York City, commemorating the first anniversary of the German attack on Russia and the start of a campaign to raise $6,000,000 for Russian War Relief, Inc., Mr. Hopkins also quoted President Roosevelt as saying that "we mean to give Russia aid on the field of battle and that our armed forces will attack at the right time and place, and that the Russian front will not fail."

Maxim Litvinov, Russian Ambassador to the United States, again asked for a second front and added that "there is now every ground for hope that this situation will be changed in the near future."

Mr. Hopkins' reference to the second front follows:

A second front? Yes, and, if necessary, a third and fourth front to pen the German army in a ring of our offensive steel. Hitler's boastings are getting tamer and tamer, for he knows that the Russian army on his Eastern front and a British-American army on other fronts—when and where he does not know—will bring his vaunted panzer divisions to heel. And his cities, one by one, will be destroyed by Allied air power.

Mr. Hopkins also remarked that President Roosevelt and Prime Minister Churchill are now planning the "offensive strategy of the war" and assured the gathering that "that business is being attended to."

Gen. Eisenhower Head Of U. S. Forces In Europe

The War Department announced in Washington on June 25 the formal establishment of a "European theater of operations for United States forces" and designated Maj. Gen. Dwight D. Eisenhower as commanding general with headquarters in London. General Eisenhower, who was formerly Assistant Chief of Staff in charge of the Operation Division of the War Department's General Staff, is already in London.

The War Department made public in his behalf the following statement he made upon his arrival in London:

I have been assigned to command the European theater for United States forces. The formal establishment of a European theatre is a logical step in co-ordinating the efforts of Great Britain and the United States.

Six months ago the Prime Minister of Great Britain and the President of the United States heartened the people of the United Nations by moving swiftly to merge the military and economic strength of Britain and the United States for a common effort. At that Washington conference they set a more effective pattern for unqualified partnership than has ever before been envisaged by allied nations in pursuit of a common purpose. Only recently they have met again to bring combined action into even closer coordination.

The presence here in the British Isles of American soldiers and pilots in rapidly increasing numbers is evidence that we are hewing to the line of that pattern.

Sayre Resigns Post

President Roosevelt has accepted the resignation of Francis B. Sayre as High Commissioner to the Philippine Islands, the White House announced on July 2. Mr. Sayre tendered his resignation on March 23 explaining that his work had been "largely supplanted by military activity"; at the same time he expressed a desire to serve the country "in a more pressing and active work."

In his letter of acceptance dated June 30 President Roosevelt said:

"Your release from this post is merely a commutation, since we have a mutual understanding that you are available for any call that is made on you in the war effort."

Change in Reserve Requirements Now Law

Following the action of the Senate in passing on June 26 the bill amending the Federal Reserve Act so as to provide for the regrouping of Federal Reserve Banks which elect members of the Federal Open Market Committee, the House on July 2 passed the bill in the form adopted by the Senate. It was signed July 7.

The bill which had been approved by the House Banking Committee on June 24, also authorizes the Board of Governors of the Reserve System to change the reserve requirements of member banks in central reserve cities (New York and Chicago) without changing the requirements of banks in other reserve cities. The measure likewise provides for the repeal of a provision in existing law prohibiting member banks from making new loans or paying dividends while their reserves are deficient, retaining in the law, however, the power of the Board of Governors to prescribe penalties for reserve deficiencies. This would be accomplished by an amendment to Section 19 of the Reserve Act so as to made it read:

> The required balance carried by a member bank with a Federal Reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Board of Governors of the Federal Reserve System, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities.

Before the House Banking Committee on June 17 Marriner S. Eccles, Chairman of the Board of Governors of the Reserve System, discussed the proposed amendments, and as indicated in our June 25 issue (page 2408), requested the approval by Congress of the changes asked for.

An explanation of the amendments was made by Senator Brown in bringing the bill before the Senate, at which time he had the following to say with respect to the amendment affecting liabilities:

> Because of a decision of a district court in New York, an unexpected liability upon officers of Federal Reserve Banks was imposed. The Federal Reserve Board and the Treasury Department and those of us in the Senate and the House who are familiar with such things feel that this liability is rather unfair. It arose in what is known as the Penney case. There are conflicting decisions. The efect of the amendment would be to remove such possible liability in the future. It would not affect existing situations.

At the same time, Senator Brown, in explaining the bill briefly by sections, said:

> Section 1 of the bill provides for regrouping the Federal Reserve banks for the purpose of electing their five representatives on the Federal Open Market Committee. At present one representative of the Federal Open Market Committee is elected by the Boston and New York Reserve banks, but in practice the Boston Reserve Bank has never had a representative serve as a member of the Committee but only as an alternate to the President of the New York Reserve Bank, who has served continuously. The effect of the change in existing law made by Section 1 of the bill would be to require that a representative of the Federal Reserve Bank of New York be a member of the Committee at all times, and the regrouping provided for by such section also makes it possible for the President of the Federal Reserve Bank of Boston to serve from time to time as a member of the Committee, as do the Presidents of the other Reserve banks. Your Committee believes that it is desirable in the public interest that the changes contemplated by Section 1 of the bill be made.
>
> Section 2 of the bill amends Section 19 of the Federal Reserve Act so as to authorize the Board of Governors of the Federal Reserve System to change the reserve requirements of member banks in central reserve cities within the limits of the present law without necessarily making a change in the reserve requirements of member banks in reserve cities. Under the present law the Board of Governors of the Federal Reserve System, in order to prevent injurious credit expansion or contraction, may change the requirements as to the maintenance of reserves by banks located in reserve and central reserve cities or by member banks located elsewhere, but it may not change the reserve requirements of member banks in central reserve cities without at the same time changing those of member banks in reserve cities. In order to provide the necessary flexibility with respect to reserve requirements, especially in connection with heavy withdrawals of deposits from banks throughout the country in order to meet the Federal tax liabilities and to prevent a depressing effect upon the Government security market as a result of such withdrawals. It is felt that the Board of Governors should be empowered to change the reserve requirements of member banks in central reserve cities without at the same time changing the reserve requirements of other member banks.
>
> Section 3 of the bill amends Section 19 of the Federal Reserve Act by repealing the provision prohibiting member banks of the Federal Reserve System from making new loans or paying dividends while their reserves are deficient. There is retained, however, in the law the existing statutory authority of the Board of Governors to prescribe penalties for deficiencies in reserves. It is believed that the retention of the penalty provision will be a sufficient deterrent against deficiencies in reserves, as the penalties may be varied from time to time as circumstances may require under rules and regulations prescribed by the Board of Governors.
>
> A favorable report on the bill has been received from the Board of Governors of the Federal Reserve System and also from the Treasury Department. In a letter to the Chairman of the Committee by the Acting Secretary of the Treasury, Mr. Bell, it was also stated that the Bureau of the Budget had advised the Treasury Department that the bill was in accord with the President's program.

Red Cross Merging Appeals

Incident to the pressure of war-time, the American Red Cross has decided to postpone the Roll-Call usually held in November and combine it with the next war-fund campaign in March, 1943. This was disclosed on June 24 when an exchange of letters between Norman H. Davis, Red Cross Chairman, and President Roosevelt was made public.

Mr. Davis had written to the President on June 17 advising him that the Red Cross had been asked to reconsider its previous stand against being included in joint fund-raising efforts and in view of the pressure of war-time had decided to combine its own two appeals. The President concurred in the views expressed by Mr. Davis that the Red Cross should not participate in combined fund-raising campaigns but "should make its war fund and membership appeals directly and separately to the people." Regarding the combining of the November Roll-Call and the March war-fund appeal, the President said "this will not only be a distinct saving in effort and man power but will make possible a proper spacing of the other major appeals."

Mr. Roosevelt's letter further said:

> The Red Cross because of its broad interests and responsibilities is a great moral force. The generous over-subscription in response to its appeal of last December was one of the first evidences of complete national unity following our entrance into the war. The enlistment of the people in that national effort had a value and significance quite beyond the amounts of their contributions.
>
> The character of the Red Cross and its responsibilities under international treaty and its Congressional charter are such that the national interests will best be served if the Red Cross maintains direct contact with the people for the membership and support necessary for its work at home and abroad.

Federal Savs. & Loan Ins. Corp. Reports

Created by Congress eight years ago with a capital of $100,000,000, the Federal Savings & Loan Insurance Corporation reported on its anniversary on June 27 that it has accumulated more than $33,000,000 in reserves and surplus. At the same time, Oscar R. Kreutz, general manager of the corporation, declared that insured savings and loan associations are in the soundest condition in their history. It is pointed out that the corporation protects investors in insured institutions up to $5,000 each. Mr. Kreutz also said:

> The Insurance Corporation now protects more than 3,140,000 investors in some 2,365 thrift institutions with combined assets upwards of $3,300,000,000. During 1941 alone, private investments in these institutions rose by about 16%—striking evidence of the public confidence they enjoy.

To date, only 33 insured institutions have encountered difficulties requiring action by the corporation, according to Mr. Kreutz, who added:

> Twenty-six of these associations have received or are receiving financial help from the Insurance Corporation which has prevented their default or any loss on the part of their investors. In the seven other cases, the institutions have gone to liquidation. Of the 7,850 investors in these latter institutions, 6,869 already have received payment of insurance; payment to the others will be made as soon as accounts are verified in recent cases.
>
> When an insured association defaults, each investor is offered a new account in another insured association, in an amount equal to his insured account in the defaulting institution. Or he can elect to receive 10% of his insured account in cash and 90% in debentures, one-half due within one year and one-half due within three years. Only 12 individual investors have chosen the latter method to date; all the rest have elected to take new accounts in other insured associations. Their new insured accounts, of course, carry the regular withdrawal privileges.
>
> Being a risk-snaring enterprise, the corporation naturally has had some losses, but we estimate that in the 33 cases to date, it will ultimately realize losses aggregating an amount less than its net income for one year on its present revenue basis.
>
> In its eight years of operations, the corporation has enjoyed substantial growth. It retains intact the original paid-in capital and has built up reserves and surplus totaling more than $33,000,000. In addition, the corporation has hidden reserves of some $5,000,000—the excess of market value above book value of its Government bonds. The annual income of the corporation is approximately $7,000,000, consisting of annual premiums paid by insured associations, admission fees and interest on its investments.

Savings, Loan Assns. Dividends $81,600,000

The United States Savings and Loan League reported on June 28 that the savings, building and loan associations will distribute earnings for the first half of 1942 of $81,600,000 to their 7,000,000 holders of share accounts. The League reports:

> The semi-annual dividend date of July 1 is becoming increasingly standardized among thrift and home financing institutions so that now the large majority of members either get their checks around July 1 or get the amount credited on their share account books at that time.

About $40,000,000 of the total dividend disbursement will be in the form of checks to the holders of full-paid or income shares, it is estimated. These checks, customarily reinvested in the association by a large number of the recipients, will be applied on the sale of War Bonds in increasing numbers this year, according to Fermor S. Cannon, President of the League. Mr. Cannon added:

> The remaining $41,600,000 which is estimated to be paid to installment shareholders in the associations represents postponed purchasing power unless the member specifically wishes to withdraw it at this time. Since many holders of savings share accounts are aiming at a bonus of ½ of 1% as a reward for systematic savings and for not withdrawing in the couse of the account's building up, there will not be any large percentage of this money going to swell purchasing power at this time.

Canadian-U. S. Tax Convention Explained

With respect to the reciprocal tax convention between the United States and Canada (ratified by the U. S. Senate on May 28 and by the Canadian Senate on June 10) the following appeared in the Toronto "Financial Post" of June 20:

> Under the agreement, each country taxes at the source income paid to residents of the other country at the rate of 15%, retroactive to the first of 1941. It means a reduction in the U. S. tax deduction at the source from 27½% to 15%.
>
> The agreement provides for automatic adjustment wherever overdeductions have been made to bring the rate back to the 15% rate now made completely effective.
>
> During the course of the debate on the bill at Ottawa, National Revenue Minister Gibson gave the 1941 estimate prepared by the Foreign Exchange Control Board as to the amount of income coming into Canada from the United States. He stated he did not have the corresponding figures of income leaving this country. His statement includes:

	$ Millions
Subsidiary company profits	8.9
Dividends	15.7
Interest	6.4
Annuities, rents, royalities, etc.	4.0
Total	35.0

> Mr. Gibson stated that Canadian taxpayers would save substantial amounts as a result of the new agreement. On profits from subsidiary companies, where the rate is reduced from 27½% to 5%, the saving amounts to $2,400,000. Other dividends bring the saving to $3,200,000, or a total of $5,600,000 in taxes saved the Canadian taxpayer.
>
> How much the net saving will be is not made clear. Canadians can offset U. S. taxes against Canadian payments, thus reducing the actual net payment of taxes considerably.
>
> Mr. Gibson explained that provision was made for settlement of claims which the United States Government was making as regards capital gains realized by Canadians through stock market operations in the United States. He said there had been a great many claims made, some of which had been settled. With this convention, these claims are being dropped and the only claim now being made by the United States Government is for taxes at 5% on any dividends or interest received on money invested in the United States.
>
> It was pointed out that United States had not pressed the capital gains claims for some time but after 1932 began to press for settlement. Now any Canadian who wishes to take advantage of the settlement offer in this convention must within two years from this date apply to Washington for settlement on the basis outlined.

Ratification of the agreement was noted in these columns June 18, page 2315, and June 11, page 2212. The ratification, according to the "Financial Post," completes formalities with regard to this convention and brings it completely into force.

Freezes Blackmer Assets

Secretary of the Treasury Morgenthau announced on June 22 that the Foreign Funds Control had uncovered assets in various New York banks amounting to over $10,000,000 in securities and cash accounts, all owned by Henry M. Blackmer. In its announcement the Treasury Department said:

> Henry M. Blackmer fled from the United States to France when the Government initiated investigation of the Teapot Dome oil fraud in which he was wanted as a principal witness.
>
> During the next few years his passport was revoked and he was indicted on various counts in connection with his income tax returns, and a warrant was issued for his arrest. Numerous attempts to extradite him from France were unsuccessful and at various times between 1927 and 1932 substantial fines for contempt of court were levied against his American assets. Indictments against Blackmer are still outstanding and he is regarded as a fugitive from justice. Blackmer is now believed to be in Switzerland.
>
> Included in the assets uncovered by the Foreign Funds Control are $3,865,000 United States of America Treasury Notes, Series A, due June 15, 1943, $3,250,000 United States of America Treasury Notes, Series B, due March 15, 1944, and several million dollars in municipal issues. Blackmer was not holding his assets in his own name but had such assets concealed in "numbered" accounts and in the accounts of foreign banks.
>
> All of these millions of dollars of assets owned by Blackmer have been effectively frozen by the Foreign Funds Control and the Government agencies having a possible claim against Blackmer have been advised of the existence of such assets in New York.

Roosevelt, Churchill Pledge Second Front

President Roosevelt and Prime Minister Churchill of Great Britain declared on June 27 in a joint statement issued simultaneously in Washington and London that coming military operations of the United Nations "will divert German strength from the attack on Russia." The joint statement bearing on the week of conferences in Washington between the President and Prime Minister on the "major problems" of the war was issued upon the safe return of Mr. Churchill to England by airplane.

The statement also said that "it is hoped that as a result of the steps planned at this conference the respective navies will further reduce the toll of merchant shipping" caused by Axis submarine warfare. It was also noted that the production of munitions is fast approaching maximum on schedule and that transportation of men, munitions and supplies "still constitutes the major problem of the United Nations."

The Roosevelt-Churchill statement further revealed that "detailed discussions" were held "on methods to be adopted against Japan and the relief of China."

Pointing out that the President and Prime Minister had met twice before (in August and December, 1941), the statement concluded that "the over-all picture is more favorable to victory than it was either in August or December of last year."

With respect to the pledge for a second front, the joint statement said that "exact plans, for obvious reasons, cannot be disclosed."

The President and Prime Minister also stated that they "do not underestimate the task" and that their conferences have been conducted "with the full knowledge of the power and resourcefulness of our enemies."

Following is the text of the joint statement:

> On the safe return of the Prime Minister to England, the following statement has been issued simultaneously in London and in Washington:
>
> The week of conferences between the President and the Prime Minister covered very fully all of the major problems of the war which is conducted by the United Nations on every continent and in every sea.
>
> We have taken full cognizance of our disadvantages as well as our advantages. We do not underrate the task.
>
> We have conducted our conferences with the full knowledge of the power and resourcefulness of our enemies.
>
> In the matter of the production of munitions of all kinds, the survey gives, on the whole, an optimistic picture. The previously planned monthly output has not reached the maximum but is fast approaching it on schedule.
>
> Because of the wide extension of the war to all parts of the world, transportation of the fighting forces, together with the transportation of munitions of war and supplies still constitutes the major problem of the United Nations.
>
> While submarine warfare on the part of the Axis continues to take heavy toll of cargo ships, the actual production of new tonnage is greatly increasing month by month. It is hoped that as a result of the steps planned at this conference the respective navies will further reduce the toll of merchant shipping.
>
> The United Nations have never been in such hearty and detailed agreement on plans for winning the war as they are today.
>
> We recognize and applaud the Russian resistance to the main attack being made by Germany and we rejoice in the magnificent resistance of the Chinese Army. Detailed discussions were held with our military advisers on methods to be adopted against Japan and the relief of China.
>
> While exact plans, for obvious reasons, cannot be disclosed, it can be said that the coming operations which were discussed in detail at our Washington conferences, between ourselves and our respective military advisers, will divert German strength from the attack on Russia.
>
> The Prime Minister and the President have met twice before, first in August, 1941, and again in December, 1941. There is no doubt in their minds that the over-all picture is more favorable to victory than it was either in August or December of last year.

Mr. Churchill had been in Washington since June 18 and his conferences with the President began on June 19 and are believed to have been concluded on June 25.

The Prime Minister's last official activities before his return to England included special meetings on June 25 at the White House with Congressional leaders and members of the Pacific War Council. President Roosevelt had called both conferences in order to review the world situation with both groups. The Congressional delegation was made up of Vice-President Wallace, Speaker of the House Rayburn, Senator Connally of Texas, Chairman of the Senate Foreign Relations Committee; Representative Bloom of New York, Chairman of the House Foreign Affairs group; Senator McNary of Oregon, Republican leader in the Senate; Representative McCormack of Massachusetts, Democratic leader in the House; Representative Martin of Massachusetts, Republican leader of the House, and Representative Eaton of New Jersey, a member of the House Committee on Foreign Affairs.

In addition to the full Pacific War Council, Prime Minister Mackenzie King of Canada attended the meeting. The conference of the two leaders with the Pacific Council followed the Congressional meeting. No official details were given out as to what the discussions involved.

During his stay in the United States the Prime Minister inspected Fort Jackson, S. C. According to the Associated Press, Mr. Churchill on June 24 inspected a guard of honor, reviewed three infantry combat teams, watched the demonstration by parachute troops, viewed various infantry training activities, had luncheon with a group of generals and observed a realistic combat problem.

The White House revealed on June 26 that Maxim Litvinov, the Russian Ambassador, had participated in the series of conferences between the President and Prime Minister. Earlier reference to the conference appeared in these columns June 25, page 2387.

Set $25,000 Salary Limit In Case Of War Contracts

The $25,000 yearly limitation on salaries proposed by President Roosevelt but rejected by Congress will apply generally to persons working on war contracts, officials declared on June 20, according to United Press Washington advices, which said that in addition, most of the money spent for advertising by contract holders will not be admissible as legitimate costs in figuring contracts, they said.

United Press advices further stated:

> The rulings were made in a written guide designating "the principles of determination of costs" under government contracts and drawn up to aid recently created price adjustment boards in computing contracts.
>
> The guide states that "total compensation" in excess of $25,000 for any individual officer or contractor's employee is "unreasonable" and an "inadmissible" item in computing costs and profits.
>
> "Total compensation" is defined as "salaries, bonuses or other compensation for services, however paid." One War Production Board official pointed out, however, that money set aside for profits might be diverted to company officers beyond the $25,000 limit.
>
> The Price Adjustment Boards were set up by the War and Navy Departments and the Maritime Commission, with one representative from the WPB.
>
> The guide for the boards struck at wartime increases in salaries and bonuses by rejecting as a legal item of cost such payments that have been "increased disproportionally or unreasonably since June 30, 1940." Bonuses paid upon a percentage of the profits and royalties to officers or employees also must be excluded from the approved contract cost items.

Senate Authorizes Telegraph Co. Mergers

The Senate on June 22 approved the bill to permit consolidations and mergers of domestic telegraph carriers.

Designed primarily to authorize a merger of the Postal Telegraph system with Western Union Co., the legislation is reported as favored by the War and Navy Departments, the Federal Communications Commission and Secretary of Commerce Jesse Jones. President Roosevelt is also understood to have expressed approval of the principles involved in the bill.

The measure, amending the Communications Act of 1934, was sponsored by Senator McFarland (Dem., Ariz.) and Senator White (Rep., Me.). It now goes to the House.

In urging approval of the bill, Senator McFarland said that he believes it will provide "a more efficient communications system throughout the United States."

He further indicated that a study of the industry revealed that the Postal Telegraph Co. was in "imminent financial danger"; that it had already received a working-capital loan of $6,500,000 from the Reconstruction Finance Corp. and that most of this sum is already used up.

Secretary Jones, in his testimony before the Senate Interstate Commerce Committee, said the consolidation of these two companies on some basis fair to employees and to stockholders alike is highly desirable. Mr. Jones is also quoted as saying:

> The telegraph business is as much a natural monopoly as is the telephone business, or you might say, the Post Office. Rates are fixed and governed by Governmental authority, so that there can be no question of profiteering by reason of there being no actual competition in telegraph service.
>
> Obviously the Postal Co. cannot survive without Government subsidy, and the fewer businesses the Government is called upon to subsidize the better off we will be, I think.

According to advices June 22 to the New York "Journal of Commerce" from its Washington bureau, the Senate Interstate Commerce Committee assured the Senate that the merger would not result in monopoly in the domestic communications field. From the advices in the paper indicated we also quote:

> Subsidization of private business is not the way to meet the financial and economic problems of industry in the United States under our system of government," the Committee said. "The exigencies of the war effort have required large scale monetary outlays to several types of industrial enterprises. Sometime, however, the war will end. Sometime these subsidies will have to cease. The Committee is strongly of the opinion that subsidy is not the way to build a financially sound, economically strong business enterprise designed to endure through peacetime conditions as well as wartime booms."

The Navy Department's objection to the original bill authorizing consolidation or merger of commercial communications facilities in the international field resulted in the elimination of these provisions. Secretary of the Navy Knox said that to permit mergers in the international field "at this time would disturb world-wide communications and would consequently be detrimental to the war effort."

In indicating its approval of the legislation, the Defense Communications Board said:

> Merger in the domestic telegraph industry will result in substantial savings of critical war materials, now wasted through needless duplication of certain facilities, and will safeguard and promote the adequacy and flexibility of the country's wire telegraph communications, so vital in wartime.

In special advices June 22 to the New York "Times" it was stated:

> Senator McFarland estimated that more than 7,000 teletype machines could be released for national defense work if Western Union and Postal Telegraph would merge. The latter company, he said, has been operating on a precarious financial structure for several years.
>
> "It is the competition from these alternate means of communication," the report said, "which has taken large revenues from the domestic commercial wire-telegraph units in the last decade. So long as the telephone and the air mail operate as independent functioning means of speedy communication, no danger of a monopolistic operation of communication facilities can exist."

It was also noted in the "Times" that the bill was reported by the Senate Interstate Commerce Committee after hearings that extended over a period of nearly four years on this and similar proposals.

The United Press reports that any merger under the bill would have to meet the following conditions:

> 1. Consolidated companies would have to divest themselves of all international telegraph business.
>
> 2. No merger would be approved if more than one-fifth of the stock of the consolidated company would be owned by aliens or representatives of any foreign government.
>
> 3. The consolidated company would have to work out exchange arrangements with international telegraph carriers.
>
> 4. All employees of the companies involved in the merger, who were employed on March 1, 1941, would receive full jobs for a period of five years. Others would receive preferencial hiring status for a five-year period and would be granted four weeks' dismissal pay for each year of service.

Gasoline And Fuel Oil Prices Increased

A special increase in the price of gasoline, kerosene and light fuel oils along the Eastern Seaboard was made effective June 29. Price Administrator Leon Henderson announced that these advances were made "to finance the increased cost of transporting petroleum products into the restricted area and assure unrestricted movement."

The increases are: Gasoline, two and one-half cents per gallon; and kerosene, range oil, tractor fuel, distillate Diesel fuel oils, gas house oils and Nos. 1, 2, 3 and 4 fuel oils, two cents per gallon. There was no increase on residual fuel oils. The advances were permitted also on retail sales.

The increases, third allowed by the OPA on gasoline and other oils since the beginning of the year, have been allowed, says Mr. Henderson, because of the inability to work out arrangements for direct absorption by the Government of the higher cost of moving petroleum products diverted from water to overland transportation because of the submarine warfare along the East Coast.

The Eastern Seaboard area in which the price adjustments are effective is made up of the States of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia and Georgia, that part of Florida East of the Apalachicola River, the District of Columbia, and the City of Bristol, Tennessee.

Cgo. Home Loan Dividend

Stock of the Federal Home Loan Bank of Chicago of record June 30 will receive semi-annual dividends on July 10 at the rate of 1½% per annum, A. R. Gardner, President, announces. Earnings on its first half year of war-time activity will thus be distributed at the same rate as for the two previous six-month periods. The announcement, issued by the bank, says:

> The dividend will total $147,885, of which $106,304 will go to the Reconstruction Finance Corporation, and $41,581 to 454 member savings, building and loan associations in Illinois and Wisconsin. It will boost the bank's distribution of earnings since it started operations in the fall of 1932 to $2,695,302. The stock originally owned by the United States Treasury and now by the RFC has received $2,122,334 of the bank's total distributed earnings.
>
> While the Government participation in the stock ownership has remained stationary for several years, the member savings and loan institutions have been increasing their stockholdings. As a consequence they received 29% of the current dividend as compared with 27% of that of a year ago, and their dollar volume of dividend receipts is some 10% larger than in July, 1941.

A. M. Fox Dies

A. Manuel Fox, American member of the United States-China Currency Stabilization Board, died on June 21 in Chungking, China. He was 53 years old. Mr. Fox has been a member of the Board since May, 1941. A native of Philadelphia, Mr. Fox had been connected with the Federal Government since 1923 when he joined the Tariff Commission. He served first as a member of the Commission's Economic Division and later as Director of Research. In July, 1937, Mr. Fox was appointed a member of the Tariff Commission and served in this capacity until he was named by Secretary of the Treasury Morgenthau to the Stabilization Board (referred to in these columns of May 31, 1941, page 3437). Secretary of State Hull and Secretary Morgenthau on June 22 paid tribute to Mr. Fox for his long and faithful service to the Government.

Electric Output For Week Ended July 4, 1942 Shows 17.9% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended July 4, 1942, was 3,424,188,000 kwh., which compares with 2,903,727,000 kwh., in the corresponding period in 1941, a gain of 17.9%. The output for the week ended June 27, 1942, was estimated to be 3,457,024,000 kwh., an increase of 9.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	July 4, '42	June 27, '42	June 20, '42	June 13, '42
New England	17.3	3.2	6.1	6.8
Middle Atlantic	12.7	4.8	6.8	9.4
Central Industrial	15.1	4.3	7.5	8.2
West Central	13.3	4.3	9.9	11.7
Southern States	25.5	19.9	19.6	18.8
Rocky Mountain	10.4	4.8	6.3	5.7
Pacific Coast	25.7	20.7	17.8	17.0
Total United States	17.9	9.5	11.1	11.7

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085
June 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
June 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
June 20	3,433,711	3,091,672	+11.1	2,653,788	1,440,541	1,702,501
June 27	3,457,024	3,156,825	+ 9.5	2,659,825	1,456,961	1,723,428
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	------	3,178,054	----	2,651,626	1,415,704	1,711,625
July 18	------	3,199,105	----	2,681,071	1,433,993	1,727,225
July 25	------	3,220,526	----	2,760,935	1,440,386	1,723,031
Aug. 1	------	3,263,082	----	2,762,240	1,426,986	1,724,728

Foreign Dollar Bonds Serviced In Full In 1941 Were Only 56.38% Of Total

In 1941 debt service had been paid in full on $3,190,165,289 or only on 56.38% of the total of $5,658,000,389 of publicly offered foreign dollar bonds outstanding on Dec. 31, 1941, according to a bulletin entitled "Statistical Analysis of Publicly Offered Foreign Dollar Bonds," issued on June 29 by Dean John T. Madden, Director of the Institute of International Finance of New York University. The Institute states:

"New interest defaults by some obligors including the Conversion Office for German Foreign Debts and Republic of Estonia are responsible for the reduction in the proportion of bonds serviced in full from 58.06% in 1940. The Japanese issues, however, are not included in this calculation, since except for the $47,393,000 of the Tokyo Electric Light Co. bonds on which the Dec. 15, 1941, coupon was not paid, no coupons were payable between the attack on Pearl Harbor and Dec. 31, 1941.

"Data on the status of all publicly offered foreign dollar bonds as of Dec. 31, 1941 and 1940 are summarized in the following table:

	Dec. 31, 1941		Dec. 31, 1940	
	(000,000)	Per Cent	(000,000)	Per Cent
Debt service paid in full	$3,190.2	56.38	$3,459.3	58.06
In default as to interest	2,427.2	42.90	2,470.1	41.46
In default as to sinking fund	40.6	.72	28.5	.48
Total	$5,658.0	100.00	$5,957.9	100.00

"At the end of 1941 Latin America and Europe accounted for 47.7% and 47.8%, respectively, of total defaulted bonds, as compared with 49.8% and 45.6% on Dec. 31, 1940. Of the total Latin American bonds in default, Mexico accounted for 30.2% and Brazil 27.8%, while German issues represented 57.3% of total European defaulted bonds. On Dec. 31, 1941, 79.3% of the European and 70.7% of the Latin American bonds were in default.

"The geographical distribution of foreign dollar bonds in default as to interest on Dec. 31, 1941, is shown in the following table:

	Amount Outstanding (000,000)	Amount in Default (000,000)	% of Total Defaulted Bonds
Latin America	$1,635.0	$1,156.7	47.7
Europe	1,462.2	1,15[illegible]	47.8
Far East	528.3	52.9	2.1
North America	2,032.5	58.5	2.4
Total	$5,658.0	$2,427.2	100.0

"An analysis of interest defaults by types of obligors shows that 41.7% of the national government issues, 32.4% of the issues of the States, provinces, and departments, 47.1% of the municipal bonds and 48.7% of the issues of corporate borrowers were in default at the end of 1941.

"The actual rate of interest return in 1941, representing the amount of cash interest received for 1941 coupons on the principal amount of publicly offered foreign dollar bonds outstanding at the end of the year, was 2.78%, as compared with the average contractual rate of 5.26%. In 1940, the amount of cash interest received constituted 3.06%, as against the average contractual rate of 5.31%. The amount received in cash in respect of 1941 coupons was 52.7% of the contractual amount due, as against 57.6% in 1940. While interest was paid at the contractual rate on all Australian issues and practically all Japanese and Canadian bonds, Latin America paid at the rate of 1.25% and Europe 1.40%, against the average contractual rates of 5.45 and 6.10%, respectively.

The contractual amount of interest due and the cash amount received for coupons of bonds outstanding on Dec. 31, 1941, are shown in the following table:

	Nominal Amount Outstanding (000)	Contractual Amount of Interest Due (000)	Average Contractual Rate of Interest Due %	Actual Amount Received In Cash (000)	Average Rate of Return %
Latin America	$1,634,980	$89,183	5.45	$20,403	1.25
Europe	1,462,224	89,228	6.10	20,487	1.40
Far East	528,264	29,290	5.54	27,589	5.22
North America	2,032,532	90,052	4.43	88,534	4.36
Total	$5,658,000	$297,753	5.26	$157,013	2.78

* * *

"The Chilean Government has resumed purchases of external bonds suspended in December, 1940. Out of $4.742.918.30 available for amortization in 1941, only $362,496.92 was utilized. The Amortization Institute acquired $3,113,000 nominal amount of dollar bonds at the cost of $361,516.25, that is, an average price of $116.13 per $1,000 bond."

Steel Output Increased—New Priorities Rule Issued—To Rerate A Orders—Demand Heavy

"Actual production ceilings of some war industries in the United States cannot yet be defined because models of some war implements have not yet been sufficiently frozen," says "The Iron Age" in its issue of today (July 9), further adding: "For example, many aircraft plant officials believe that until the Army Air Corps will permit runs of 500 or more planes, without design changes, the nation and the enemy, will not know the full productive capacity of its aircraft plants. Plane production in this country, close to 4,000 a month, is now great enough to stand an airing of some of the conditions which are preventing output from being still greater. On the West Coast late deliveries and lagging production schedules of subcontractors, particularly for radio, electrical and ignition equipment, are slowing down production of aircraft at a number of plants.

"A chief problem of the industrial war front during the next six months will be the skilled labor supply.

"One highlight is an agreement by three large steel companies to undertake a substantial amount of subcontracting work to be done in their maintenance shops.

"Voluntary layoffs in the steel industry still seem a luxury which the United States can afford despite the dangers which everywhere threaten this country and its allies. A two-day strike of 900 employees in two open hearth units at a Buffalo area steel plant has just caused the loss of 10,000 tons of steel ingots. Union leaders finally agreed to let the War Labor Board review its grievances and ended the strike which plant officials said was intended to 'force non-union men to join the CIO union.' A wildcat strike last week at Carnegie-Illinois Steel Corp.'s Gary works caused a loss of production on the company's billet and 40-in. blooming mill, both of which were rolling steel for war orders rated A-1-a or higher. Hookers, loaders and cranemen refused to work, forcing other employees into idleness."

The American Iron and Steel Institute on July 6 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.7% of capacity for the week beginning July 6, compared with 96.5% one week ago, 99.3% one month ago and 94.9% one year ago. This represents an increase of 1.2 points or 1.2% from preceding week. The operating rate for the week beginning July 6 is equivalent to 1,659,600 tons of steel ingots and castings, compared to 1,639,200 tons one week ago, 1,686,700 tons one month ago, and 1,567,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on July 6, stated in part: "As a means of untangling the situation resulting from an excess of A-1-a priorities, on which had been superposed a mass of allocations and directives, the Director of Industry Operations has issued a new priorities regulation providing a series of preference ratings, designated as AAA, AA-1, AA-2, etc., all taking precedence over A-1-a. The previous highest rating, AA, has been abolished and all orders bearing this designation will become AA-2. Orders now bearing A ratings will be rerated under the higher preferences, to apply to definite quantities of military and non-military items. The plan is designed to produce a balanced program of most urgent war materials at the expense of ratings for other war materials and essential civilian products. Application of the new ratings is expected to be made slowly to cause as little disruption as possible.

"The volume of steel orders under allocations and priorities is estimated at double what it was in May and will total about 90% of July deliveries. The remaining 10% will go to highest rated orders, probably not lower than AA-2.

"Allocation of heavy lend-lease tonnage for third quarter is disrupting rolling schedules, tonnage being much larger than heretofore, and as it is mainly in semifinished it is interfering further with operation of finishing mills. The latter have been hard pressed to maintain production in some lines and diversion of this steel will complicate the situation. Allocations are definite but specifications have not been filed. As rolling schedules are frozen for two weeks it appears that the lend-lease tonnage will not be included before the middle of July. Some intimation has been given that part of the semifinished may be respecified as finished steel, which would be a gain to finishing mills.

"Manufacturers of war goods are handicapped by inequalities in parts supply, a result of the tight steel situation, often lacking some part necessary for completion of products. Farm inplement manufacturers are having trouble maintaining their quotas of needed agricultural machinery because of slow delivery of light shapes and alloy and carbon rounds.

"Increased scrap collections resulting from special drives have sufficed to keep steelmaking at a high rate but the larger volume is barely being maintained and in some areas receipts are not sufficient to allow capacity production."

Army Aide Named To Expedite N. Y. Loans

Major Frank E. McKinney, who is on leave as President of the Fidelity Trust Co. of Indianapolis, has been appointed liaison officer between the War Department Procurement Division and the credit department of the Federal Reserve Bank of New York in the handling of Regulation V loan applications. He opened offices in the Reserve Bank building on June 22. Major McKinney's duties will consist of expediting the loan applications. The Bank said that he will not place war contracts and pointed out that applications must continue to be handled through normal banking channels.

Under Regulation V, the Federal Reserve Banks, acting in accordance with the President's Executive Order of March 26 and the instructions of the War and Navy Departments and the Maritime Commission, are authorized to arrange loans and guarantees thereof wherever it is believed that they will contribute to the obtaining of maximum war production expeditiously.

The Reserve Board's rules under this regulation appeared in these columns April 16 page 1542; the President's order authorizing financing of war contracts was given in our issue of April 2, page 1360.

ODT Inter-City Bus Order Does Not Affect Beaches

Restrictions on bus lines serving places "conducted primarily for purposes of amusement or entertainment" should not be considered as applying to bus lines to beaches, public parks and other similar resort areas, Joseph B. Eastman, Director of the Office of Defense Transportation said on June 22.

According to advices from Washington on that date to the New York "Times" which added:

The public beaches, parks and such places, to which city dwellers travel for relaxation and rest in Summer, contribute to the health and stamina of the people and help restore energies that have been drained by the pressure of war work, it was added.

"Under our General Order No. 11, we have placed restrictions on intercity bus service to places conducted primarily for purposes of amusement or entertainment," the ODT announcement continued.

"It is not considered that this language is descriptive of a beach, public park or other similar places conducted primarily for purposes of relaxation, rest and health-building. If real service is available to such places, however, it should be used to the limit of its capacity, and seasonal bus service should be held to a minimum."

The ODT order was reported in these columns June 18, page 2315.

Joins Manpower Comm.

The appointment of Edward C. Elliott, President of Purdue University, to head the War Manpower Commission's Professional and Technical Employment and Training Division was recently made by WMC Chairman Paul V. McNutt. Mr. Elliott will have charge of the engineering, scientific and management training program conducted in more than 200 colleges and universities. Other appointments included:

Dr. Leonard Carmichael, to be head of the Commission's National Roster of Scientific and Specialized Personnel.

Dr. William Haber, Chief, Planning and Progress Exports Division.

Robert C. Weaver of Washington, Chief, Negro Manpower Service.

Marine Underwriters Issue Wartime Extension Clauses

To provide continuous automatic protection for cargo shippers because of delays, forced discharges, transshipments and other interruptions to delivery resulting from abnormal wartime conditions, the American Institute of Marine Underwriters, New York, has issued a set of "wartime extension clauses" which can be added to marine insurance policies upon payment of an additional premium. A feature of particular interest, says the announcement, is that under these clauses there will be no time limit on the insurance coverage at the port of discharge while the goods are delayed there in transit to final destination. These clauses, it is pointed out, apply only to marine insurance and do not in any way extend war risk insurance policies. "It is believed that these clauses will supply a form of protection which is urgently needed under present abnormal conditions," according to a statement issued by the Institute.

Extend U. S.-China Stabilization Pact

The agreement of April 1, 1941, between the United States and China, under which the United States Stabilization Fund undertook to purchase Chinese yuan to the amount of $50,000,000 and under which the Stabilization Board of China was established, has been extended for a period of one year beyond June 30, 1942, the Treasury Department announced on July 2. The announcement added:

"The extension of the 1941 agreement is in accordance with the established policy of the Treasury of giving full financial aid to the Chinese Government and of supporting the foreign exchange position of the Chinese yuan, it is pointed out.

The agreement was reported in these columns May 3, 1941, page 2777."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
July 7	118.22	106.56	116.41	113.12	107.80	91.48	95.77	111.25	114.08
6	118.05	106.56	116.22	113.12	107.98	91.48	95.77	111.25	113.89
4			Exchange Closed						
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
2	118.12	106.56	116.41	113.12	107.98	91.19	95.62	111.07	114.08
1	118.18	106.39	116.41	112.93	107.80	91.19	95.62	111.07	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	106.92	116.61	114.08	107.98	92.50	97.47	111.25	114.08
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago July 7, 1941	119.59	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
2 Years ago July 6, 1940	115.55	102.80	115.43	112.75	102.80	84.17	90.63	108.88	110.34

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
July 7	3.36	2.83	3.00	3.29	4.31	4.02	3.10	2.95
6	3.36	2.84	3.00	3.28	4.31	4.02	3.10	2.96
4			Exchange Closed					
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
2	3.36	2.83	3.00	3.28	4.33	4.03	3.11	2.95
1	3.37	2.83	3.01	3.29	4.33	4.03	3.11	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.10	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.85
1 Year ago July 7, 1941	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
2 Years ago July 6, 1940	3.58	2.88	3.02	3.58	4.85	4.37	3.23	3.15

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Congress Abolishes CCC

Congress decided on June 30 to abolish the Civilian Conservation Corps and voted the sum of $8,000,000 to the War Department to liquidate the organization. Final action for dissolution of the CCC came when the Senate capitulated to a House demand that the $76,000,000 fund for its operation be stricken from the $1,150,000,000 measure to supply funds for the Labor Department and the Federal Security Agency in the 1943 fiscal year. The President signed the bill on July 2.

The House originally (June 5) voted—by a count of 158 to 121—against continuing the agency but the Senate on June 26 approved the $76,000,000 fund when Vice-President Wallace cast the deciding ballot of a 33 to 32 vote. However, the House on June 30, by the overwhelming vote of 230 to 120, instructed its conferees to insist upon its original stand and the Senate conferees and later the full Senate agreed to its elimination without a record vote.

Funds for the National Youth Administration also were reduced under the measure but the House had some time ago refused to end this agency. The NYA receives $49,000,000 for its defense training activities and $5,000,000 for aid-loans to needy students.

In its eight and a half years the CCC spent nearly $3,000,000,000 putting 3,000,000 youths and war veterans through conservation, school and health programs, according to the Associated Press. In 1935 the corps had an enrollment of 520,000 in some 4,000 camps, and spent $480,000,000. The corps dwindled in the fiscal year ended June 30, 1942, to 60,000 enrollees in about 400 camps.

In its Washington advices June 30 the Baltimore "Sun" said:

"The argument which brought the final curtain down upon the CCC was that young men, who made up the bulk of enrollees, should either be in the army or in some industrial or agricultural phase of war production; that the need of the corps as an unemployment relief organization no longer existed."

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for May 31, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $12,073,980,785, as against $11,766,856,667 on April 30, 1942, and $9,356,646,863 on May 31, 1941, and comparing with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the World War, that is, on June 30, 1914, the total was only $3,459,434,174.

National Fertilizer Association Commodity Price Average Again Higher

The weekly wholesale commodity price index compiled by The National Fertilizer Association issued July 6, 1942 was substantially higher in the week ended July 4, 1942, when it advanced to 128.8% of the 1935-1939 average. This index stood at 127.3 in the preceding week, 128.0 a month ago, and 110.6 a year ago. The Association's report continued as follows:

The increase in the general level was due to higher prices of farm products, foods, and some industrial commodities. The farm product price index was moderately higher, due primarily to increased cotton and livestock quotations, which more than offset a decline in grain prices. In the food group price increases were registered by 5 items and declines by only 2; the net result was a slight upturn in the food group average. In the fuel group, gasoline and kerosene quotations advanced in price, with the result that the fuel price index was lifted to a new high peak. Other advances were recorded by the indexes representing the prices of textiles, and miscellaneous commodities.

During the week prices of 15 commodities advanced and 7 declined; in the preceding week there were 14 advances and 8 declines; in the second preceding week there were 13 declines and 10 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week July 4 1942	Preceding Week June 27 1942	Month Ago May 23 1942	Year Ago July 5 1941
25.3	Foods	125.7	125.2	125.3	104.0
	Fats and Oils	137.8	137.0	139.1	116.5
	Cottonseed Oil	161.3	158.4	163.0	127.7
23.0	Farm Products	136.7	135.3	137.8	109.0
	Cotton	187.5	181.1	187.4	137.1
	Grains	111.6	113.1	115.1	98.6
	Livestock	133.3	132.0	133.9	105.8
17.3	Fuels	125.2	119.7	119.5	110.4
10.8	Miscellaneous commodities	128.1	127.9	127.9	120.4
8.2	Textiles	148.5	147.5	148.8	133.6
7.1	Metals	104.4	104.4	104.4	103.9
6.1	Building materials	151.6	151.6	151.8	118.4
1.3	Chemicals and drugs	120.7	120.7	120.7	105.2
.3	Fertilizer materials	117.8	117.8	119.8	111.1
.3	Fertilizers	115.3	115.3	115.3	102.0
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	128.8	127.3	128.0	110.6

*Indexes on 1926-1928 base were: July 4, 1942, 100.3; June 27, 99.2; July 5, 1941, 86.2.

Market Value Of Stocks On New York Stock Exchange Higher On June 30

The New York Stock Exchange announced on July 3 that as of the close of business June 30, there were 1,242 stock issues aggregating 1,469,960,158 shares listed on the New York Stock Exchange, with a total market value of $33,419,047,743. This compares with 1,242 stock issues aggregating 1,469,388,445 shares, with a total market value of $32,913,725,225 on May 29 and with 1,232 stock issues, aggregating 1,462,904,205 shares listed on the Exchange on June 30, 1941, with a total market value of $39,607,836,569.

In making public the figures for June 30, the Exchange also said:

As of the close of business June 30, New York Stock Exchange member total net borrowings amounted to $340,061,834. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 1.02%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group	June 30 1942 Market Value $	Average Price $	May 29, 1942 Market Value $	Average Price $
Amusement	261,216,204	12.39	256,127,652	12.14
Automobile	2,775,609,019	23.16	2,733,474,119	22.81
Aviation	480,695,279	13.90	473,880,855	13.71
Building	379,768,436	17.43	375,929,756	17,25
Business & office equipment	263,603,696	22.44	246,668,628	21.00
Chemical	4,740,589,056	49.76	4,563,597,104	47.77
Electrical equipment	1,115,916,662	28.15	1,094,017,929	27.60
Farm machinery	539,310,328	41.16	525,301,393	40.09
Financial	641,366,991	12.63	642,537,798	12.64
Food	2,224,476,071	23.81	2,143,820,816	23.01
Garment	35,419,463	21.15	34,647,526	20.69
Land & realty	14,735,035	3.03	14,237,303	2.93
Leather	170,247,211	20.25	168,649,781	20.13
Machinery & metals	1,157,115,064	16.89	1,137,220,030	16.61
Mining (excluding iron)	1,214,045,403	20.54	1,161,619,411	19.65
Paper & publishing	314,144,957	14.18	321,823,507	14.53
Petroleum	3,460,787,707	18.03	3,337,479,207	17.39
Railroad	2,540,648,517	22.48	2,544,988,061	22,56
Retail merchandising	1,721,373,928	23.47	1,691,261,406	23.06
Rubber	310,857,986	29.35	303,927,421	28.70
Ship building & operating	86,368,658	18.12	85,944,410	18.03
Shipping services	9,150,743	4.98	8,096,922	4.41
Steel, iron & coke	1,823,236,310	35.66	1,817,356,333	35.75
Textiles	309,747,836	22.09	309,986,053	22.10
Tobacco	1,003,303,120	37.46	989,507,862	37.01
Utilities:				
Gas & electric (operating)	1,469,282,693	15.90	1,449,588,448	15.69
Gas & electric (holding)	575,701,477	6.01	592,980,295	6.19
Communications	2,516,660,500	60.18	2,607,642,149	62.36
Miscellaneous	68,773,169	9.38	69,114,906	9.43
U. S. companies oper. abroad	430,946,223	13.09	429,544,670	13.05
Foreign companies	665,178,250	16.43	688,278,918	17.00
Miscellaneous businesses	98,771,751	16.83	94,474,556	16.09
All Listed Stocks	33,419,047,743	22.73	32,913,725,225	22.40

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
Mar. 30	46,694,763,118	32.34	May 31	37,815,306,034	25.84
Apr. 30	46,769,244,271	32.35	June 30	39,607,836,569	27.07
May 31	36,546,583,208	25.26	July 31	41,654,256,215	28.46
June 29	38,775,241,138	26.74	Aug. 30	41,472,032,904	28.32
July 31	39,991,865,997	27.51	Sept. 30	40,984,419,434	28.02
Aug. 31	40,706,241,811	28.00	Oct. 31	39,057,023,174	26.66
Sept. 30	41,491,698,705	28.56	Nov. 29	37,882,316,239	25.87
Oct. 31	42,673,890,518	29.38	Dec. 31	35,785,946,533	24.46
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
1941—			Feb. 28	35,234,173,432	24.02
Jan. 31	40,279,504,457	27.68	Mar. 31	32,844,183,750	22.36
Feb. 28	39,398,228,749	27.08	Apr. 30	31,449,206,904	21.41
Mar. 31	39,696,269,155	27.24	May 29	32,913,725,225	22.40
Apr. 30	37,710,958,708	25.78	June 30	33,419,047,743	22.73

Urge Full War Output On Independence Day

Donald M. Nelson, Chairman of the War Production Board, on June 27 called for a full day of war production on Independence Day (July 4) saying that in this way "we can pay proper honor to our freedom." In a formal statement, Mr. Nelson said that "our soldiers on the battlefields of the world celebrate no holidays" and, he added, that "we at home dare not have a July 4 holiday in war production."

His statement follows:

We Americans have traditionally observed Independence Day with patriotic meetings and a rest from labor. We have paused in our peaceful work to reexamine the principles of liberty and justice for all men which gave birth to our democratic nation.

Today we are again fighting for our independence. We are fighting in every part of the world so that those basic principles of justice and liberty may continue to prevail here in our own land. We are fighting for our own freedom and for the freedom of millions of helpless, crushed people.

Therefore, on Independence Day this year we can pay proper honor to our freedom only by working in the defense of that freedom. Our soldiers on the battlefields of the world celebrate no holidays. We at home dare not have a July 4 holiday in war production. Every factory which is making important implements of war and where material is available should make this Independence Day a day of full production.

I am sure that management and labor alike will realize that by producing materials and weapons for the defense of our freedom they will be acting in a spirit worthy of the men who gave this nation liberty and independence.

Hunter Gets FDR's Houses

President Roosevelt on June 25 said he "had been made very happy" by the purchase of his and his late mother's New York City houses for the students of Hunter College. The houses, at 47 and 49 East 65th Street were bought by a committee of citizens for $50,000 and presented to Hunter College as a community house. It will be known as the Sara Delano Roosevelt Inter-Faith House and dedicated to religious freedom and democratic living. In his statement of June 25 President Roosevelt said:

I have been made very happy in the thought that the houses which my mother and I occupied from 1909 on are to be known as the Sara Delano Roosevelt Inter-Faith House for the benefit of the students at Hunter College and I am very certain that my mother would have been made happy in this use.

The President's mother died on Sept. 7, 1941. Up to the time of her death, No. 47 had been her New York City home and No. 49 was the President's home before he went to the White House in 1933.

Moody's Daily Commodity Index

Tuesday, June 30	230.4
Wednesday, July 1	230.7
Thursday, July 2	231.2
Friday, July 3	232.4
Saturday, July 4	*
Monday, July 6	232.0
Tuesday, July 7	231.8
Two weeks ago, June 23	229.6
Month ago, June 6	227.6
Year ago, July 7	203.8
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

*Holiday.

Weekly Coal and Coke Production Statistics

According to estimates, production of soft coal during the week ended June 27 amounted to approximately 11,375,000 net tons, an increase of 250,000 tons over the previous week. Output in the corresponding week last year was estimated at 11,160,000 tons. Soft coal production for the calendar year to June 27, 1942 amounted to about 282,259,000 net tons, as against approximately 228,375,000 tons for the same period in 1941.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended June 27 was estimated at 1,238,000 tons, an increase of 26,000 tons, or 2.1% over the preceding week. Final production for the calendar year 1941 was 56,-368,267 tons, of which about 2,000,000 tons was bootleg coal prepared and shipped by legitimate producers. The calendar year to June 27 shows a gain of 8.0% when compared with the same period last year.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended June 27 showed an increase of 2,500 net tons when compared with the output for the week ended June 20. The quantity of coke from beehive ovens decreased 100 tons during the same period.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			January 1 to Date		
Penn. anthracite—	§June 27, 1942	June 20, 1942	¶June 28, 1941	§June 27, 1942	¶June 28, 1941	June 29, 1929
*Total, incl. colliery fuel	1,238,000	1,212,000	1,314,000	29,056,000	26,901,000	35,512,000
†Commercial production	1,176,000	1,151,000	1,248,000	27,603,000	25,556,000	32,955,000
By-product coke—						
United States total	1,184,800	1,182,300	‡	29,860,200	‡	‡
Beehive coke—						
United States total	171,700	171,800	148,300	3,884,200	2,925,300	3,356,800

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Final figures.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					June avge.
State—	June 20, 1942	June 13, 1942	June 21, 1941	June 22, 1940	June 19, 1937	¶1923
Alaska	5	5	4	4	3	**
Alabama	386	393	356	288	234	387
Arkansas and Oklahoma	80	79	19	22	15	70
Colorado	130	125	89	65	74	175
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,151	1,148	918	708	603	1,243
Indiana	311	300	368	274	255	416
Iowa	46	38	39	46	21	88
Kansas and Missouri	125	132	119	76	66	128
Kentucky—Eastern	978	1,016	942	754	699	661
Kentucky—Western	242	245	171	111	117	183
Maryland	39	42	38	22	24	47
Michigan	2	6	1	1	3	12
Montana (bituminous and lignite)	52	50	44	47	33	38
New Mexico	30	30	24	17	33	51
North and South Dakota (lignite)	18	22	24	11	13	**14
Ohio	743	777	616	467	437	888
Pennsylvania (bituminous)	2,778	2,835	2,764	2,181	1,961	3,613
Tennessee	152	150	146	106	94	113
Texas (bituminous and lignite)	6	5	7	15	18	21
Utah	111	107	48	34	36	89
Virginia	410	421	404	259	226	240
Washington	40	40	32	27	30	44
*West Virginia—Southern	2,297	2,331	2,258	1,822	1,598	1,380
†West Virginia—Northern	883	888	827	602	504	856
Wyoming	108	139	76	65	80	104
‡Other Western States	1	††	1	††	1	**5
Total bituminous and lignite	11,125	11,325	10,336	8,025	7,178	10,866
§Pennsylvania anthracite	1,212	1,179	1,210	1,159	989	1,956
Total, all coal	12,337	12,504	11,546	9,184	8,167	12,822

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

War Cost $205,311,233,542

The amount approved by Congress for defense and war for the fiscal years 1941-42-43 has grown to $205,311,233,542, according to the following tabulation compiled by the Associated Press and published in the New York "Times":

	Army	Navy	Other Agencies Including Lease-Lend
1941	$13,138,205,165	$4,415,006,507	$8,442,031,908
1942	71,335,461,573	18,929,051,531	20,209,866,106
1943	42,089,637,372*	13,931,756,653	2,476,315,259
Plus new Navy program	------	10,343,901,468	------

*Total of $42,820,003,067 in bill adopted today included $730,365,695 for liquidation of contracts included under previous legislation.

Total approved, by years:

1941	$25,995,243,580
1942	110,474,379,210
1943	68,841,610,752 (including new Navy program.)

SEC Reports 12 Security Issues Totaling $93,491,000 Registered In May

The Securities and Exchange Commission announced on June 30 that securities effectively registered under the Securities Act of 1933 during the month of May amounted to $93,491,000, according to an analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division. Of this total, $92,847,000 of securities, says the SEC, were proposed for sale for the account of issuers, compared with the monthly average of $164,730,000 in 1941 and $140,-582,000 in 1940.

The Commission further reported:

"Net proceeds to be applied to new money purposes in the amount of $45,425,000 exceeded the monthly average of $41,788,000 in 1941 and $21,662,000 in 1940. The new money, which was expected to absorb 50.1% of the total net proceeds as compared with the monthly average of 26.0% in 1941, included $29,083,000 for working capital and $16,342,000 to be expended for plant and equipment. Repayment of indebtedness accounted for $44,765,000 and the purchase of securities for investment purposes took up $471,000.

"Bonds, in the gross amount of $43,430,000 for secured and $43,-830,000 for unsecured, accounted for 94.0% of all securities proposed for sale for the account of issuers. Preferred stock was equal to 5.4% of the total.

"Underwriters were to distribute 99.5% of the total for sale by issuers. The remaining securities were to be distributed on an agency basis. Compensation to underwriters and agents averaged 1.5%, and other expenses 0.8% of the gross proceeds.

"The electric, water, and gas utilities accounted for more than half the total of securities for sale by issuers, or 58.3%. Manufacturing companies ranked second in volume with 28.2%. Merchandising was next with 12.9% and the remaining 0.6% was to be obtained by the financial and investment companies."

The Commission supplies the following table:

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933

By Types of Securities—May, 1942

	Total Securities Effectively Registered		Total, Less Securities Reserved for Conversion or Substitution	Percent		Securities Proposed For Sale by Issuers	Percent	
Type of Security	No. of Issues	Amount	Amount	May, 1942	Avg. 1941	Amount	May, 1942	Avg. 1941
Secured bonds	2	$43,430,000	$43,430,000	46.6	33.4	$43,430,000	46.8	36.9
Unsecured bonds	5	44,152,300	44,152,300	47.4	24.8	43,830,000	47.2	31.4
Face amt. certificates	0	------	------	---	6.4	------	---	8.1
Preferred stock	1	5,065,932	5,065,932	5.4	11.1	5,065,932	5.4	8.3
Common stock	0	------	------	---	20.6	------	---	12.1
Certificates of participation, beneficial interest, etc.	2	520,750	520,750	0.6	2.6	520,750	0.6	3.2
Warrants or rights	1	------	------	0.0	1.1	------	---	0.0
Substitute secur. (v.t. ctfs. & ctfs. of dep.)	1	322,300	------	---	---	------	---	---
Grand total	12	$93,491,282	$93,168,982	100.0	100.0	$92,846,682	100.0	100.0

Subscription And Allotment Figures On Treasury Certificate Offering

Final subscription and allotment figures with respect to the recent offering of ⅝% Treasury Certificates of Indebtedness of Series A-1943 were announced on June 29 by Secretary of the Treasury Morgenthau, indicating that total subscriptions received were $3,-114,479,000 of which $1,588,495,000 were allotted. Preliminary results of the offering, made on June 18, were given in these columns June 25, page 2398.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District—	Total Subscriptions Received	Total Subscriptions Allotted
Boston	$176,940,000	$90,177,000
New York	1,456,264,000	731,525,000
Philadelphia	120,489,000	61,832,000
Cleveland	168,022,000	86,448,000
Richmond	82,255,000	43,124,000
Atlanta	111,939,000	57,601,000
Chicago	477,261,000	246,067,000
St. Louis	96,925,000	51,435,000
Minneapolis	49,819,000	27,992,000
Kansas City	81,697,000	43,218,000
Dallas	89,884,000	46,612,000
San Francisco	202,434,000	102,189,000
Treasury	550,000	275,000
Total	$3,114,479,000	$1,588,495,000

Wholesale Commodity Prices Advance 0.3% In Week Ended June 27 Reports Labor Bureau

The Bureau of Labor Statistics, U. S. Department of Labor, announced on July 2 that higher market prices for certain foods, principally wheat flour and dried and fresh fruits and vegetables, and for cotton and naval stores caused a rise of 0.3% in the Bureau's composite index of 889 price series for the week ended June 27. Contributing to the advance also were minor price increases for corn, rye, hogs and cattle feed.

The increase, says the Bureau, followed a steady decline for the preceding three weeks during which time the general level had droppd 0.7%. The index remains 0.4% below the peak level of May 30, when this decline started, but is 12.2% higher than at this time last year.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows (1) index numbers for the principal groups of commodities for the past 3 weeks, for May 30, 1942 and June 28, 1941 and the percentage changes from a week ago, a month ago and a year ago:

(1926=100)

						Percentage changes to June 27, 1942 from—		
Commodity Groups—	6-27 1942	6-20 1942	6-13 1942	5-30 1942	6-28 1941	6-20 1942	5-30 1942	6-28 1941
All Commodities	*98.4	*98.1	*98.4	*98.8	87.7	+0.3	—0.4	+12.2
Farm products	104.6	104.5	104.3	106.0	84.2	+0.1	—1.3	+24.2
Foods	99.3	98.4	99.5	99.4	84.3	+0.9	—0.1	+17.8
Hides and leather products	118.9	118.9	118.9	119.0	108.5	0	—0.1	+ 9.6
Textile products	97.3	97.3	97.2	97.2	84.7	0	+0.1	+14.9
Fuel and lighting materials	79.2	79.0	78.9	78.9	78.7	+0.3	+0.4	+ 0.6
Metals and metal products	*104.0	*104.0	*104.0	*104.0	98.4	0	0	+ 5.7
Building materials	110.0	109.9	109.9	109.9	101.1	+0.1	+0.1	+ 8.8
Chemicals and allied products	97.2	97.2	97.2	97.3	84.3	0	—0.1	+15.3
Housefurnishing goods	104.5	104.5	104.5	104.5	93.8	0	0	+11.4
Miscellaneous commodities	90.0	90.0	89.9	90.1	80.9	0	—0.1	+11.2
Raw materials	99.6	98.7	99.6	100.6	84.9	+0.9	—1.0	+17.3
Semimanufactured articles	92.8	92.6	92.8	92.7	88.0	+0.2	+0.1	+ 5.5
Manufactured products	*98.8	*98.8	*98.8	*99.1	89.3	0	—0.3	+10.6
All commodities other than farm products	*97.1	*96.7	*97.1	*97.3	88.5	+0.4	—0.2	+ 9.7
All commodities other than farm products and foods	*96.0	*95.9	*95.9	*95.9	89.1	+0.1	+0.1	+ 7.7

*Preliminary.

Advertising Called Vital To War Effort

Setting forth that "because advertising is the principal opinion-forming medium in this country," a resolution adopted on June 23 by the Advertising Federation of America said that "we recognize the vast responsibility we must undertake in utilizing the power of advertising for war purposes," and added:

The most important of our tasks is to help achieve unquestioned national unity and understanding and an invincible morale. The men and women who control the advertising policies of American business can and will devote the great force of advertising to this task.

In giving the resolution as above, the New York "Times" said:

The resolution cited advertising's specific war duties as follows: aiding the Government in various appeals, making known the actual requirements for victory and informing the people of the vital part in the war effort being performed by labor and management.

At a luncheon meeting on June 23 of the convention held at the Hotel Commodore, New York, Thomas E. Dewey, former District Attorney, termed advertising as "the only means yet devised for producing the necessary revenue to support a free press, and I may add, free radio." The Associated Press also quoted Mr. Dewey as saying:

You are enlisted today in the cause of maintaining the instruments of freedom for which we fight. You must maintain advertising as an instrument of freedom, because after the war is won, you will have another great job to do. We do not know how long this war may last, but we can see that the longer it does last the greater will be our need of many necessities. After we have total victory those things we are doing without will be as essential as they once were, and more so.

There can be no freedom without a free press, and there can be no free press unless it is able to print its papers without subsidy from any man, any single industry or any government.

Bruce Barton, of Batten, Barton, Durstine & Osborn, speaking at the opening luncheon session of the convention on June 22, maintained that while the people of the United States are temporarily accepting regimentation as a patriotic duty they do not like it and will demand a prompt restoration of democracy when the war is won. The New York "Times" in thus indicating his remarks, further quoted him as saying:

Mr. Barton, however, warned the advertising men not to expect a return of the old days, adding:

"You and I shall not make money the rest of our lives, at least not in the sense in which we used to think of making money. Henceforth we must measure our lives rather in terms of inner satisfaction and the approval of our fellow-men. Those men in industry who accept the new conditions cheerfully can look forward to some very challenging and rewarding years. Those who fight against the trend will be wiped out."

U. S.-Peru Trade Treaty

President Roosevelt proclaimed officially on June 29 the reciprocal trade treaty signed by Peru and the United States in Washington on May 7. A similar proclamation is scheduled to be issued by President Prado of Peru. The treaty goes into effect provisionally 30 days hence. Signing of the agreement was reported in these columns May 14, page 1361.

Daily Average Crude Oil Production For Week Ended June 27, 1942 Declined 1,350 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended June 27, 1942, was 3,719,450 barrels, a decrease of 1,350 barrels as compared with the preceding week, and 127,800 barrels per day less than the output for the week ended June 28, 1941. The current figure, however, was 83,150 barrels in excess of the daily average for the month of June, 1942, as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,581,000 barrels of crude oil daily during the week ended June 27, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 88,611,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,713,000 barrels during the week ended June 27, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations June	*State Allowables Beginning June 1	—Actual Production— Week Ended June 27 1942	Change From Previous Week	4 Weeks Ended June 27 1942	Week Ended June 28 1941
Oklahoma	436,600	436,600	†369,300	— 8,300	375,700	420,850
Kansas	281,900	281,900	†272,100	— 7,750	262,500	237,300
Nebraska	4,100	------	†3,750	+ 50	3,750	4,750
Panhandle Texas			107,000	+ 18,600	92,450	82,450
North Texas			149,400	+ 5,400	148,050	133,050
West Texas			234,450	+ 29,600	212,800	264,050
East Central Texas			94,050	+ 100	88,550	80,600
East Texas			295,000	— 67,750	347,250	373,300
Southwest Texas			163,600	+ 19,950	145,250	211,350
Coastal Texas			280,800	+ 37,700	252,400	283,450
Total Texas	1,068,600	‡1,288,322	1,324,300	+ 43,600	1,286,750	1,428,250
North Louisiana			90,700	+ 2,350	88,700	77,350
Coastal Louisiana			220,000	+ 500	218,850	248,350
Total Louisiana	311,300	334,300	310,700	+ 2,850	307,550	325,700
Arkansas	75,300	75,300	73,700	— 100	73,600	72,700
Mississippi	49,200		†83,500	+ 3,650	83,200	28,500
Illinois	320,800		274,900	— 4,700	281,400	339,100
Indiana	18,900		†18,650	— 1,700	20,300	21,300
Eastern (not incl. Ill. & Ind.)	106,800		98,450	+ 550	97,700	92,500
Michigan	63,100		65,700	+ 500	66,550	37,800
Wyoming	96,200		92,150	+ 1,250	91,750	77,700
Montana	23,400		22,350	+ 500	21,950	19,250
Colorado	7,600		7,450	+ 1,100	6,750	3,950
New Mexico	80,600	80,600	65,150	+ 250	59,800	111,400
Total East of Calif.	2,944,400		3,082,150	+ 31,750	3,039,250	3,221,050
California	691,900	§691,900	637,300	— 33,100	646,300	626,200
Total United States	3,636,300		3,719,450	— 1,350	3,685,550	3,847,250

*O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in March, 1942, as follows: Oklahoma, 29,200; Kansas, 5,500; Texas, 105,600; Louisiana, 18,500; Arkansas, 2,700; New Mexico, 5,600; California, 39,000; other states, 20,400.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a.m. June 24.

‡This is the net basic 15-day allowable for the period June 16 to 30, inclusive. For the first 15 days the allowable was 1,351,667 barrels. In the area outside East Texas shutdown was ordered for June 20, 21, 28, 29 and 30; in East Texas for June 23 and 27 in addition to the aforementioned days.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED JUNE 27, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

District—	Daily Refining Capacity: Potential Rate	Daily Refining Capacity: % Reporting	Crude Runs to Stills: Daily Average	Crude Runs to Stills: % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,559	65.4	4,623	41,567	15,272	16,602
Appalachian	174	84.5	164	94.3	478	3,067	576	513
Ind., Ill., Ky.	784	84.9	743	94.8	2,536	16,857	3,534	3,265
Okla., Kansas, Mo.	418	81.1	370	88.5	1,192	8,107	1,337	1,542
Rocky Mountain	138	50.7	93	67.4	259	2,415	325	546
California	787	90.9	652	82.8	1,625	16,598	11,807	54,836
Tot. U. S. B. of M. basis June 27, 1942	4,684	86.9	3,581	76.5	10,713	†88,611	32,851	77,304
Tot. U. S. B. of M. basis June 20, 1942	4,684	86.9	3,434	73.3	9.927	89,847	§32,244	†78,318
U. S. Bur. of Mines basis June 28, 1941			3,949	---	13,113	90,414	37,832	91,296

*At the request of the Office of the Petroleum Coordinator.

†Finished 81,180,000 bbl.; unfinished 7,431,000 bbl. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Revised, gas oil and distillate fuels upward 40,000 bbl. and residual fuel oil downward 160,000 bbl.; due to correction in figures previously reported by a certain company.

Engineering Construction $217,823,000 For Week Gains 37%

Engineering construction volume for the week totals $217,823,000, an increase of 37% over the preceding week as reported by "Engineering News-Record" on July 2. The current week's volume compares with $74,209,000 reported for the short week due to the early closing for the Fourth of July holiday in 1941.

Public construction accounts for 91% of this week's total, and is 31% above a week ago. Federal work and State and municipal construction, which make up the public total, are 32 and 18% higher, respectively, than last week. Private work reaches its highest peak in the last four months, and is 162% higher than a week ago.

The current week's construction brings the 1942 volume to $5,123,117,000, a gain of 76% over the 27-week period in 1941. Private work, $361,651,000, is 51½% below a year ago, but public construction is up 120% as a result of the 200% increase in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	July 3, 1941 (four days)	June 25, 1942 (five days)	July 2, 1942 (five days)
Total Construction	$74,209,000	$158,839,000	$217,823,000
Private Construction	11,387,000	7,720,000	20,243,000
Public Construction	62,822,000	151,119,000	197,580,000
State and Municipal	17,465,000	11,682,000	13,804,000
Federal	45,357,000	139,437,000	183,776,000

In the classified construction groups, gains over last week are in waterworks, industrial and commercial buildings, streets and roads, and unclassified construction. Increases over the short 1941 week are in waterworks, sewerage, industrial, commercial and public buildings, streets and roads and unclassified construction. Subtotals for the week in each class of work are: waterworks, $2,504,000; sewerage, $1,454,000; bridges, $986,000; industrial buildings, $8,812,000; commercial building and large-scale private housing, $11,353,000; public buildings, $78,253,000; earthwork and drainage, $2,988,000; streets and roads, $15,258,000, and unclassified construction, $96,215,000.

New capital for construction purposes for the week totals $912,750,000, an increase of 91% over the total for the corresponding 1941 week. The current week's new financing is made up of $742,821,000 in Federal appropriations for departmental construction, $82,700,000 in Federal-aid for highways, $80,000,000 in RFC loans for industrial expansion, $5,729,000 in State and municipal bond sales, and $1,500,000 in corporate security issues.

New construction financing for the year to date, $7,799,044,000, is 104% above the $3,827,302,000 reported for the 27-week period last year.

June Engineering Construction Crowds Billion-Dollar-Mark

June engineering construction volume reached $968,938,000, the second highest total in history, and the top volume ever reported for any June on record. The month's total was 65% above the corresponding month last year, but was 7% below the all-time high May volume as reported by "Engineering News-Record" on July 1.

Over 96% of the June volume, $928,291,000, was for public construction, a total that eclipsed last year's mark by 89%, but fell 7% under the record of last month. Naturally, with the emphasis placed on war construction, the bulk of the public volume, $886,907,000, was federal work. This type of construction topped the corresponding 1941 month by 147%, but dropped 6% below the record of last month. State and municipal construction, which makes up the balance of the public volume, was 26 and 69% lower, respectively, than last month and last year.

Private construction, $40,647,000 for the month, declined 18% from the May, 1942, value, and 58% from the June, 1941, total.

Construction volumes for the 1941 month, last month, and the current month are:

	June, 1941	May, 1942	June, 1942
Total Construction	$589,221,000	$1,044,572,000	$968,938,000
Private Construction	97,259,000	49,325,000	40,647,000
Public Construction	491,962,000	995,247,000	928,291,000
State and Municipal	132,529,000	55,847,000	41,384,000
Federal	359,433,000	939,400,000	886,907,000

Public buildings accounted for $692,096,000, more than 70% of the June total, and topped the previous record of a month ago by 2%. In addition to public buildings, five other classes of construction gained over their May totals. Streets and roads climbed 3%; industrial buildings, 18%; bridges, 14%; waterworks, 19%, and earthwork and drainage, 557%. Losses were in commercial building and large-scale private housing, 46%; sewerage, 40%, and unclassified construction, 43%.

Comparisons with their June, 1941, totals showed increases in public buildings, 125%; waterworks, 148%; sewerage, 29%; earthwork and drainage, 4%, and unclassified construction, 31%. Decreases were revealed in streets and roads, 12%; industrial buildings, 26%; commercial building and large-scale private housing, 62%, and bridges, 54%.

New Capital

New capital for construction purposes for June totals $67,471,000, a decrease of 14% from the volume for the corresponding 1941 month. Private investment made up all but $6,000 of this total, and was 5.5% higher than a year ago.

Federal Reserve Reports Brokers' Balances

The Board of Governors of the Federal Reserve System announced on June 23 that member firms of the New York Stock Exchange carrying margin accounts for customers reported for May a decrease of $13,000,000 in their customers' debit balances and no change in money borrowed by the reporting firms. These firms also reported an increase of $10,000,000 in the debit balances of their firm and partners' investment and trading accounts, a decrease of $18,000,000 in cash on hand and in banks and a decrease of $9,000,000 in customers' free credit balances. During the year ending May 31, 1942, customers' debit balances decreased by $120,000,000 and money borrowed decreased by $103,000,000.

The Board presents the following summary of the customers' debit balances and principal related items of the member firms of the New York Stock Exchange that carry margin accounts, together with changes for the month and year ended May 31, 1942:

(Ledger Balances in Millions of Dollars)

	May 31, 1942	Increase or decrease Since April 30, 1942	Increase or decrease Since May 31, 1941
Debit Balances:			
Customers' debit balances	502	—13	—120
Debit balances in firm and partners' investment and trading accounts	86	+10	— 26
Cash on hand and in banks	177	—18	— 8
Credit Balances:			
Money borrowed	300	--	—103
Customers' credit balances:			
Free	238	— 9	— 24
Other	59	— 2	— 2
Credit balances in firm and partners' investment and trading accounts	19	— 2	— 5
Credit balances in capital accounts	194	— 2	— 29

Press And Radio Code Revised By Censor

The Office of Censorship announced on June 25 revised codes of wartime practices for the American press and radio, based on the experience gained since the original codes were issued on Jan. 15. The original restrictions for newspapers on war production news and weather forecasts were relaxed to some extent and other provisions clarified and rules to be followed by the press and radio in the event of any enemy air raid were issued by the Office of Censorship for the first time. Regarding the changes, United Press Washington advices stated:

In a new clause on diplomatic news, the newspaper code specifies that there shall be "no premature disclosure of diplomatic negotiations or conversations."

In a press conference explaining the revisions, Byron Price, Director of Censorship, said this restriction was intended "to preclude anything which gives aid to the enemy by flushing our hand."

"It is intended to deal with a real danger such as arose during our recent negotiations with Vichy," Mr. Price said.

The Director asked newspapers to consult the Office of Censorship about restrictions imposed by local authorities which seem unreasonable. In some cases, he said, Army or Navy officers in the field had established restrictions which were "entirely out of harmony" with the policies of the War and Navy Departments.

The section on ship movements was extended to withhold publication—except on the basis of announcements by appropriate authority—of the identity, location or movement of any vessel, whether it be a United Nations, neutral or enemy ship. Publication would be permissible, however, if the information is made public outside the continental United States.

The code permits newspapers to publish official weather forecasts for their own State and not more than four adjoining States, portions of which lie within a radius of 150 miles from point of publication.

Publication of news stories about weather occurrences such as floods, blizzards or tornadoes within the State of publication, and outside the State for an area not to exceed 150 miles from the point of publication, is authorized. Otherwise they must be cleared through the Office of Censorship, the code states.

Newspapers may publish location of factory sites and information on contract awards when announced by the War Production Board, another government agency, or by Congressmen.

The revision of the code for broadcasters parallels the revised newspaper code "in all particulars" with the exception of the clauses covering weather information, enemy air attacks, and communications, Mr. Price said.

To prevent dissemination of information which will be of value to the enemy, broadcast management "must be in complete control of all programming every minute of every day of operation," the code said.

Radio stations are asked to broadcast no weather information unless specifically permitted to do so.

Broadcasters outside an area under enemy attack are asked to make no mention of the action unless expressly authorized for radio by the War Department.

Trading On New York Exchanges

The Securities and Exchange Commission made public on July 3 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended June 20, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended June 20 (in round-lot transactions) totaled 549,814 shares, which amount was 15.47% of total transactions on the Exchange of 1,776,890 shares. This compares with member trading during the previous week ended June 13 of 552,565 shares, or 15.82% of total trading of 1,745,770 shares. On the New York Curb Exchange, member trading during the week ended June 20 amounted to 83,970 shares, or 16.46% of the total volume of that Exchange of 255,080 shares; during the preceding week trading for the account of Curb members of 82,890 shares was 14.85% of total trading of 279,070 shares.

The Commission made available the following data for the week ended June 20:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	977	693
1. Reports showing transactions as specialists	163	91
2. Reports showing other transactions initiated on the floor	137	17
3. Reports showing other transactions initiated off the floor	146	42
4. Reports showing no transactions	603	548

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended June 20, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	53,290	
‡Other sales	1,723,600	
Total sales	1,776,890	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	139,850	
Short sales	26,410	
‡Other sales	113,760	
Total sales	140,170	7.88
2. Other transactions initiated on the floor—		
Total purchases	77,350	
Short sales	9,500	
‡Other sales	81,960	
Total sales	91,460	4.75
3. Other transactions initiated off the floor—		
Total purchases	47,732	
Short sales	5,950	
‡Other sales	47,302	
Total sales	53,252	2.84
4. Total—		
Total purchases	264,932	
Short sales	41,860	
‡Other sales	243,022	
Total sales	284,882	15.47

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended June 20, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	3,470	
‡Other sales	251,610	
Total sales	255,080	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	22,040	
Short sales	3,070	
‡Other sales	32,675	
Total sales	35,675	11.33
2. Other transactions initiated on the floor—		
Total purchases	2,400	
Short sales	200	
‡Other sales	5,000	
Total sales	5,200	1.49
3. Other transactions initiated off the floor—		
Total purchases	13,805	
Short sales	100	
‡Other sales	4,680	
Total sales	4,780	3.64
4. Total—		
Total purchases	38,245	
Short sales	3,370	
‡Other sales	42,355	
Total sales	45,725	16.46
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	50	
§Customers' other sales	19,049	
Total purchases	19,099	
Total sales	9,778	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Non-Ferrous Metals—Terms Of Bolivian Tin Ore Contract Revised Upward—Lead Pool 15%

Editor's Note.—Upon request of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of July 2, stated: "Metals Reserve Co., the Government's purchasing agency, signed an amendment to the 1940 agreement with Bolivian producers of tin concentrate on June 29 that provides for a settlement basis of 60c. a pound f.o.b. South American ports for tin contained in the ore. The original price was 48½c. The sharp advance in the the cost of importing Bolivian concentrate brought no revision in the market price of tin. The lead pool for July was continued at 15% of production. Tungsten control measures were strengthened during the week to restrict consumption." The publication further went on to say, in part:

Copper

With July allocation certificates in the hands of consumers, the sales volume in the domestic market for copper improved.

The price situation underwent no change. Domestic consumers obtained copper on the basis of 12c., Valley. Foreign metal was purchased by Metals Reserve on the basis of 11.75c., f.a.s. United States ports.

Lead

The emergency pool for lead for July was continued at 15% of production. The base period for this month's pool requirements is May. The metal is not needed under prevailing favorable supply conditions and is being allocated to consumers promptly.

Conservation of lead and alloying metals is cutting into purchases of lead for ordinary civilian wants. From present indications, consumers in July may take slightly more than the current rate of domestic production. Most of the foreign metal moving into the United States is being stockpiled by the Government.

Quotations continued at 6.50c., New York, and at 6.35c., St. Louis.

Zinc

Allocation certificates came through before the end of June, and producers are busy moving July zinc to consumers in quantity. The price situation in zinc was unchanged.

Tin

The Bolivian tin ore contract, entered into between various producers and the Metals Reserve Co. in November, 1940, has been amended, raising the settlement basis from approximately 48½c., United States ports, to 60c., f.o.b. South American ports. The higer price on the tin content of Bolivian ore or concentrate is retroactive to Jan. 1, 1942. Patino's production is not included in the MRC deal.

Whether this move will lead to a general revision of the price structure established by OPA is not known. So far, however, there has been no move to revise the maximum quotation of 52c. on Grade "A" tin.

Use of tin cans for packing special products as paints, chemicals, edible fats, etc., has been further restricted in an amendment to Conservation Order M-81. By this action the War Production Board believes that use of tin in the manufacture of tin-plate can be reduced to less than 18,000 tons a year.

Straits quality tin for future delivery was nominally as follows:

	July	August	Sept.
June 25	52.000	52.000	52.000
June 26	52.000	52.000	52.000
June 27	52.000	52.000	52.000
June 29	52.000	52.000	52.000
June 30	52.000	52.000	52.000
July 1	52.000	52.000	52.000

Chinese tin, 99% spot, 51.125c., all week.

Quicksilver

In the absence of selling pressure, the New York market for quicksilver continued at $194.43 to $198.08 per flask during the last week. Producers believe that additional business in salts will be placed soon, which tends to support values. With Metals Reserve ready to purchase surplus metal on the basis of $192 per flask, New York, sellers assume no great risk in accumulating a little metal in quiet periods.

Silver

Handy & Harman announced last week that they are at present unable to allocate foreign silver for consumption in industry and the arts for July. Owing to a growing shortage in supplies and expected restrictions on use of silver by the War Production Board, the silver trade is marking time before entering into new commitments. Silver merchants believe that use of silver in nonessentials will be curbed.

The price situation was unchanged during the last week. London continued at 23½d., with the New York Official and the Treasury's quotation at 35⅛c. and 35c., respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	Electrolytic Copper		Straits Tin,	Lead		Zinc
June	Domest., Refin.	Exp., Refin.	New York	New York	St. Louis	St. Louis
25	11.775	11.700	52.000	6.50	6.35	8.25
26	11.775	11.700	52.000	6.50	6.35	8.25
27	11.775	11.700	52.000	6.50	6.35	8.25
29	11.775	11.700	52.000	6.50	6.35	8.25
30	11.775	11.700	52.000	6.50	6.35	8.25
July 1	11.775	11.700	52.000	6.50	6.35	8.25
Avenage	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended June 27 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead, 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c is deducted from f.a.s. basis (lighterage, to arrive at the f.o.b. refinery quotation).

Payment On Norway 6s

The Kingdom of Norway is notifying holders of its 20-year 6% external loan sinking fund gold bonds, due Aug. 1, 1944, that $676,000 principal amount of the bonds of this issue have been drawn by lot for redemption on Aug. 1, 1942, at 100% of their principal amount. The notice states:

The drawn bonds should be surrendered for redemption on that date at the head office of the National City Bank of New York. In connection with the call, it is noted that on June 23, 1942, $660,000 aggregate principal amount of bonds of this issue, called for redemption previous to the present call, had not been presented for payment and interest thereon had ceased.

Reduced Cost Plan For Insured Wheat Growers

A reduced cost plan by the Federal Crop Insurance Corporation for those insured wheat growers who have built up large premium balances in excess of losses was announced on June 24 by the Department of Agriculture. "In some cases," said Leroy K. Smith, Manager of the Corporation, "this reduction plan will cut an individual's 1943 crop insurance premiums as much as 50%, the maximum allowed. This maximum reduction will be given the farmer only in those years when no loss occurs."

Explaining the plan, the Department's announcement said:

To qualify for the lower premium, a farmer must have insured his wheat crop for an unbroken series of crop years up to the present, with few or no losses. In general, if his total paid in premiums, less indemnities, during this period equal or exceeds his insured production for 1943, the farmer will receive a 50% cut in his premium.

If "paid in" premiums during the unbroken series of crop years are slightly less than his 1943 insured production, the grower's premium cost for the 1943 crop year will be counted toward the premium balance and a proportionately lower premium cost will be given him. In no case will farmers be granted the lower rate simply because they have built up a premium balance from a large operation and shifted to a smaller operation. Adjustments will be made in those cases where growers have materially reduced acreages or lowered their insured production for any other reason.

This premium plan was designed to distribute the cost of insurance more equitably by recognizing the smaller risk on those farms where there have been few or no losses.

The plan is comparable to the practice of some commercial insurance companies which frequently refund some of the premium in cases where the insured suffered no loss during the insurance period.

SEC Amends Registration Form For Inv. Companies

The Securities and Exchange Commission on June 16 announced the adoption of amendments to Forms N-8B-1 and N-8B-2, the forms prescribed for detailed registration statements of investment companies under the Investment Company Act of 1940, Forms N-30A-1 and N-30B-1, the forms prescribed for annual and quarterly reports of registered management investment companies, and certain related rules under the Securities Exchange Act of 1934 and the Investment Company Act. In its announcement the SEC said:

At the time of the adoption of Forms N-8B-1, N-30A-1 and N-30B-1, it was provided that these forms were not to be used by management investment companies which are sponsors or depositors of companies issuing periodic payment plan certificates. Also, at the time of the adoption of Form N-8B-2, it was provided that this form was not to be used by unit investment trusts which are sponsored by management investment companies.

The purpose of the amendments is to make Forms N-8B-1, N-30A-1 and N-30B-1 applicable to management investment companies which are sponsors or depositors of companies issuing periodic payment plan certificates and Form N-8B-2 applicable to unit investment trusts which are sponsored by management investment companies.

Revenue Freight Car Loadings During Week Ended June 27, 1942, Totaled 853,441 Cars

Loading of revenue freight for the week ended June 27 totaled 853,441 cars, the Association of American Railroads announced on July 2. This was a decrease below the corresponding week in 1941 of 55,163 cars, or 6.1%, but an increase above the same week of 1940 of 100,794 cars or 13.4%.

Loading of revenue freight for the week of June 27 increased 8,528 cars or 1% above the preceding week.

Miscellaneous freight loading totaled 385,697 cars, an increase of 5,879 cars above the preceding week, and an increase of 3,130 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 92,209 cars, a decrease of 1,866 cars below the preceding week, and a decrease of 67,091 cars below the corresponding week in 1941.

Coal loading amounted to 166,151 cars, an increase of 1,651 cars above the preceding week, but a decrease of 4,733 cars below the corresponding week in 1941.

Grain and grain products loading totaled 44,066 cars, an increase of 5,120 cars above the preceding week, but a decrease of 8,865 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of June 27 totaled 31,051 cars, an increase of 4,877 cars above the preceding week, but a decrease of 7,843 cars below the corresponding week in 1941.

Live stock loading amounted to 10,676 cars, a decrease of 355 cars below the preceding week, but an increase of 1,206 cars above the corresponding week in 1941. In the Western District alone, loading of live stock for the week of June 27 totaled 7,645 cars, a decrease of 388 cars below the preceding week, but an increase of 966 cars above the corresponding week in 1941.

Forest products loading totaled 52,352 cars, an increase of 2,382 cars above the preceding week, and an increase of 5,948 cars above the corresponding week in 1941.

Ore loading amounted to 88,167 cars, a decrease of 4,097 cars below the preceding week, but an increase of 15,142 cars above the corresponding week in 1941.

Coke loading amounted to 14,123 cars, a decrease of 186 cars below the preceding week, but an increase of 100 cars above the corresponding week in 1941.

All districts reported decreases, compared with the corresponding week in 1941, except the Southwestern but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Week of June 6	854,689	852,940	702,892
Week of June 13	832,726	862,974	712,921
Week of June 20	844,913	885,539	728,493
Week of June 27	853,441	908,604	752,647
Total	21,060,005	19,850,732	16,914,535

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended June 27, 1942. During this period 52 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED JUNE 27

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	372	614	568	1,291	1,671
Bangor & Aroostook	1,152	1,056	1,085	213	274
Boston & Maine	6,030	9,299	7,740	13,721	13,439
Chicago, Indianapolis & Louisville	1,497	1,516	1,486	1,973	2,543
Central Indiana	32	11	19	63	61
Central Vermont	992	1,384	1,325	2,415	2,721
Delaware & Hudson	6,321	7,188	5,633	11,423	10,742
Delaware, Lackawanna & Western	7,642	11,003	8,820	10,109	8,942
Detroit & Mackinac	333	474	365	124	140
Detroit, Toledo & Ironton	1,556	3,040	2,362	1,346	1,478
Detroit & Toledo Shore Line	279	436	347	2,679	3,761
Erie	12,965	16,228	13,307	16,283	16,679
Grand Trunk Western	3,677	6,524	4,734	8,062	9,356
Lehigh & Hudson River	186	227	172	3,380	2,568
Lehigh & New England	2,157	2,467	1,878	2,106	2,239
Lehigh Valley	8,943	10,463	8,670	13,659	9,367
Maine Central	2,253	3,198	2,744	2,537	2,597
Monongahela	6,586	6,730	4,930	315	456
Montour	2,429	2,675	2,099	39	61
New York Central Lines	46,876	53,473	43,511	54,324	52,310
N. Y., N. H. & Hartford	10,011	12,229	9,656	19,519	17,289
New York, Ontario & Western	1,152	1,241	1,166	2,648	2,316
New York, Chicago & St. Louis	7,315	6,792	5,757	16,454	14,593
N. Y., Susquehanna & Western	436	463	433	1,524	1,033
Pittsburgh & Lake Erie	7,846	9,425	7,368	9,838	9,083
Pere Marquette	5,131	7,247	5,766	6,036	6,577
Pittsburgh & Shawmut	787	652	831	40	54
Pittsburgh, Shawmut & North	397	527	341	238	444
Pittsburgh & West Virginia	1,171	1,261	775	3,667	2,662
Rutland	376	561	679	1,063	1,276
Wabash	5,355	6,240	4,947	13,262	11,992
Wheeling & Lake Erie	5,809	6,166	5,470	5,455	4,114
Total	158,064	190,810	154,984	225,806	213,738
Allegheny District—					
Akron, Canton & Youngstown	678	723	443	1,025	1,085
Baltimore & Ohio	40,428	44,113	33,034	27,320	23,420
Bessemer & Lake Erie	7,567	7,143	5,872	2,369	2,517
Buffalo Creek & Gauley	284	261	336	3	4
Cambria & Indiana	2,026	2,212	1,530	3	19
Central R. R. of New Jersey	7,001	8,756	6,857	20,609	16,664
Cornwall	674	670	583	50	61
Cumberland & Pennsylvania	294	352	242	10	37
Ligonier Valley	138	119	76	44	51
Long Island	761	814	624	3,519	3,407
Penn-Reading Seashore Lines	1,693	1,743	1,254	2,391	1,850
Pennsylvania System	84,247	93,334	68,184	66,970	60,916
Reading Co.	14,546	17,869	14,733	27,923	23,355
Union (Pittsburgh)	21,794	20,952	18,846	8,064	7,396
Western Maryland	4,141	4,580	3,116	12,902	8,901
Total	186,262	203,641	155,730	173,202	149,683
Pocahontas District—					
Chesapeake & Ohio	28,857	30,134	25,328	14,213	14,311
Norfolk & Western	22,500	25,054	20,490	7,347	6,637
Virginian	4,501	4,978	4,177	2,190	1,911
Total	55,858	60,166	49,995	23,750	22,859
Southern District—					
Alabama, Tennessee & Northern	344	343	258	258	207
Atl. & W. P.—W. R. R. of Ala.	659	791	721	2,533	1,764
Atlanta, Birmingham & Coast	784	1,173	802	1,097	1,130
Atlantic Coast Line	11,355	11,266	8,644	8,365	6,544
Central of Georgia	4,072	4,495	3,976	4,484	4,766
Charleston & Western Carolina	436	441	445	1,549	1,658
Clinchfield	1,691	1,724	1,383	2,903	3,064
Columbus & Greenville	314	428	251	202	296
Durham & Southern	142	190	218	1,095	581
Florida East Coast	629	500	366	783	750
Gainesville Midland	38	42	20	206	77
Georgia	1,515	965	1,061	2,527	2,022
Georgia & Florida	470	490	354	471	610
Gulf, Mobile & Ohio	3,885	4,104	3,262	4,561	3,245
Illinois Central System	26,195	24,751	20,083	16,761	14,599
Louisville & Nashville	26,080	27,735	23,152	10,319	7,846
Macon, Dublin & Savannah	159	142	127	839	1,041
Mississippi Central	167	165	149	437	373
Nashville, Chattanooga & St. L.	3,436	3,847	2,930	4,427	3,735
Norfolk Southern	2,947	1,894	2,154	1,937	1,145
Piedmont Northern	376	490	443	1,089	1,676
Richmond, Fred. & Potomac	510	504	332	10,293	7,205
Seaboard Air Line	11,133	9,996	8,530	8,441	6,488
Southern System	23,880	25,691	21,373	24,348	19,517
Tennessee Central	656	605	430	1,075	842
Winston-Salem Southbound	96	156	150	753	893
Total	121,969	122,928	101,614	111,753	92,076
Northwestern District—					
Chicago & North Western	22,726	23,227	20,009	13,327	12,980
Chicago Great Western	2,448	2,828	2,468	3,087	3,252
Chicago, Milw., St. P. & Pac.	18,757	24,161	19,856	9,940	10,295
Chicago, St. Paul, Minn. & Omaha	3,433	4,105	3,862	3,732	4,230
Duluth, Missabe & Iron Range	27,900	23,598	19,146	470	26[illegible]
Duluth, South Shore & Atlantic	1,201	789	1,603	535	548
Elgin, Joliet & Eastern	10,283	10,364	9,340	10,610	9,948
Ft. Dodge, Des Moines & South	596	563	514	121	142
Great Northern	26,067	24,691	21,489	5,243	4,161
Green Bay & Western	569	577	508	746	83[illegible]
Lake Superior & Ishpeming	2,754	2,677	3,316	47	8[illegible]
Minneapolis & St. Louis	2,109	2,061	1,886	2,315	2,320
Minn., St. Paul & S. S. M.	7,376	7,871	7,043	3,195	3,21[illegible]
Northern Pacific	11,127	11,815	10,094	4,948	4,811
Spokane International	240	356	307	433	47[illegible]
Spokane, Portland & Seattle	2,801	2,787	1,871	3,517	2,216
Total	140,387	142,470	123,312	62,266	59,789
Central Western District—					
Atch., Top. & Santa Fe System	25,894	27,386	24,777	10,638	7,852
Alton	2,966	3,920	2,978	4,520	3,512
Bingham & Garfield	684	624	512	96	76
Chicago, Burlington & Quincy	15,809	18,510	14,706	10,884	10,352
Chicago & Illinois Midland	2,692	2,934	1,894	916	955
Chicago, Rock Island & Pacific	12,408	14,154	15,546	12,266	11,184
Chicago & Eastern Illinois	2,221	2,978	2,694	4,046	3,00[illegible]
Colorado & Southern	750	725	609	1,824	1,74[illegible]
Denver & Rio Grande Western	3,337	2,464	2,191	5,576	3,646
Denver & Salt Lake	599	478	204	17	36
Fort Worth & Denver City	1,691	1,363	1,470	1,279	1,094
Illinois Terminal	1,702	2,031	1,869	2,192	1,95[illegible]
Missouri-Illinois	1,148	1,058	909	563	60[illegible]
Nevada Northern	2,040	1,984	1,585	127	131
North Western Pacific	1,165	874	777	532	516
Peoria & Pekin Union	16	14	16	0	[illegible]
Southern Pacific (Pacific)	32,608	30,669	26,419	10,053	7,09[illegible]
Toledo, Peoria & Western	314	281	285	1,504	1,542
Union Pacific System	12,777	15,842	14,063	13,039	10,872
Utah	622	273	237	59	6
Western Pacific	2,009	1,863	1,766	3,729	2,596
Total	123,452	130,425	115,507	83,860	68,771
Southwestern District—					
Burlington-Rock Island	214	161	154	225	195
Gulf Coast Lines	4,513	2,382	2,322	2,254	1,901
International-Great Northern	2,913	2,331	1,781	2,383	2,123
Kansas, Oklahoma & Gulf	343	253	342	1,270	889
Kansas City Southern	4,747	2,722	2,199	2,781	2,541
Louisiana & Arkansas	4,249	2,067	2,013	2,341	1,899
Litchfield & Madison	297	394	316	1,198	1,032
Midland Valley	680	517	528	153	267
Missouri & Arkansas	151	158	183	269	414
Missouri-Kansas-Texas Lines	5,267	4,664	4,278	4,075	3,911
Missouri Pacific	15,562	16,385	14,636	19,507	11,27[illegible]
Quanah Acme & Pacific	153	93	125	159	54
St. Louis-San Francisco	9,158	9,463	9,303	8,151	5,766
St. Louis Southwestern	2,805	2,888	2,695	6,737	3,460
Texas & New Orleans	11,014	7,278	6,101	4,480	3,78[illegible]
Texas & Pacific	5,233	4,209	4,325	8,019	5,361
Wichita Falls & Southern	119	188	187	65	74
Weatherford M. W. & N. W.	31	11	17	23	48
Total	67,449	58,164	51,505	64,090	45,001

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
1942—Week Ended—					
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	100	101
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,366	72	92

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on July 3 a summary for the week ended June 27, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended June 27, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	7,663
Number of shares	198,553
Dollar value	7,446,220
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	107
*Customers' other sales	7,768
Customers' total sales	7,875
Number of Shares:	
Customers' short sales	3,395
*Customers' other sales	188,043
Customers' total sales	191,438
Dollar value	5,928,499
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	150
†Other sales	59,070
Total sales	59,220
Round-lot Purchases by Dealers—	
Number of shares	66,050

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended June 27, 1942

Lumber production during the week ended June 27, 1942, was 3% greater than the previous week, shipments were 5% greater, new business, 2% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 12% above production; new orders 9% above production. Compared with the corresponding week of 1941, production was 3% less, shipments, 0.5% greater, and new business 11% less. The industry stood at 151% of the average of production in the corresponding week of 1935-39 and 160% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 25 weeks of 1942 was 2% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 8% above the orders of the 1941 period. For the 25 weeks of 1942, new business was 25% above production, and shipments were 15% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 68% on June 27, 1942, compared with 45% a year ago. Unfilled orders were 18% greater than a year ago; gross stocks were 23% less.

Softwoods and Hardwoods

Record for the current week ended June 27, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	460	460	476
Production	273,816	282,635	265,926
Shipments	305,393	303,922	291,379
Orders	297,259	332,430	290,470

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	375		99	
Production	262,633	100%	11,183	100%
Shipments	289,873	110	15,520	139
Orders	280,915	107	16,344	146

Items About Banks, Trust Companies

(Continued from Page 108)

March 31, 1942 and $150,537,304 on June 30, 1941. Capital and surplus of $13,405,915 compared with $13,385,363 three months ago and $13,326,121 a year ago. Loans and advances were $28,592,885 against $30,325,602 on March 31, 1942 and $32,863,124 on June 30, 1941. Other important asset items compare as follows with the figures for three months ago and a year ago: Cash, $41,475,856 against $40,651,166 and $39,362,068; United States Government securities (valued at lower of cost or market), $59,686,418 against $56,418,797 and $44,627,-927; marketable bonds and stocks (valued at lower of cost or market), $13,524,301 against $13,545,-845 and $12,695,184.

The First National Bank of the City of New York, in its statement of condition at the close of business on June 30, 1942, shows total resources of $838,749,345 and total deposits of $712,680,670, compared with $900,866,271 and $776,149,295, respectively, on March 31, 1942. Cash and due from Federal Reserve Bank and other banks, including exchanges, are given as $224,356,236, against $250,464,514; holdings of United States obligations are listed as $427,082,718, compared with $440,377,478; and loans and discounts are shown as $50,956,804, against $53,582,507. Capital and surplus remain unchanged at $10,000,000 and $100,-000,000, respectively. Undivided profits in the current statement are shown as $10,786,919, after making provision for the July 1 dividend of $2,000,000, as compared with $10,047,701 on March 31, after providing for the April 1 dividend of $2,000,000.

According to the June 30, 1942, statement of condition of the Public National Bank and Trust Co. of New York total resources amount to $211,542,664 while deposits are reported at $190,084,095. This compares with resources of $208,835,241 and deposits of $187,-738,862 on March 31, 1942. Cash and due from banks in the current statement are given as $60,920,992, against $56,346,054; loans and discounts are shown as $82,312,270, compared with $87,518,976, and U. S. Government obligations stand at $56,207,501, against $51,-351,579. Capital and surplus are unchanged at $7,000,000 each and undivided profits are now $4,322,-863, as compared with $4,173,953 at the end of March, 1942. The bank reported earnings for the first six months ending June 30 of $1.41 per share. Earnings for the second quarter of 1942 were $.74 per share, as compared with $.67 per share for the first quarter of 1942.

The Commercial National Bank and Trust Company of New York reported as of June 30, 1942, total deposits of $163,399,855 and total assets of $183,174,397, compared respectively with $157,415,278 and $177,504,200 on March 31, 1942. The bank held cash on hand and due banks of $50,673,951 compared with $62,268,431; investments in United States Government securities of $84,818,434 compared with $70,789,285; and loans and discounts of $41,465,194 compared with $35,234,122. The bank's capital account was unchanged at $7,-000,000 and its surplus and undivided profit account increased to $9,242,244 from $9,153,176 after the payment of regular quarterly dividend.

The statement of condition of the Grace National Bank of New York as of June 30, 1942, shows deposits of $55,945,038 as compared with $49,945,585 on March 31, 1942 and $46,808,867 a year ago. Undivided profits are reported as $894,940 as compared with $870,-379 on March 31, 1942 and $744,-312 a year ago. Cash in vault and with banks as the latest date totaled $18,530,833 as compared with $16,436,183 on March 31, 1942 and $21,240,061 a year ago. U. S. Government securities are now shown as $21,131,765, as compared with $18,039,884 on March 31, 1942 and $10,684,013 a year ago. Loans and discounts are $13,905,904, as contrasted with $12,655,988 on March 31, 1942 and $13,765,711 a year ago.

J. Henry Schroder Banking Corporation reports total resources of $48,312,315 as of June 30, 1942, against $39,751,466 on March 31 and $39,615,223 a year ago. Cash and due from banks at the latest date are given as $10,-265,547 compared with $8,423,823 and $9,607,538 a year ago. U. S. Government securities are now $22,084,692 against $15,441,027 and $14,776,488 respectively; advances to customers are shown as $4,306,-468 compared with $3,962,285 and $2,689,926; customers' liability on acceptances (less anticipations) $6,463,819 June 30 compare with $6,597,870 and $6,355,701. Surplus and undivided profits at the end of June were $2,594,706 against $2,585,534 in the March quarter and $2,570,895 a year ago; amount due customers, now $33,176,231 contrast with $23,808,916 and $24,-477,739. Acceptances outstanding appear as $6,978,144 against $7,-710,810 and $7,172,953.

Schroder Trust Company reported June 30 resources of $26,-722,771 compared with $26,392,422 in March and $27,128,040 June 30, 1941; cash and due from banks, $3,543,127 against $7,378,303 and $7,133,038; U. S. Government securities, $12,054,792 against $11,-448,441 and $12,092,823; loans and discounts, $4,387,578 against $3,-823,899 and $4,142,588. Surplus and undivided profits were $1,-861,758 against $1,857,860 and $1,-834,534. Deposits were $23,210,816 against $22,950,000 and $23,374,818.

Sterling National Bank and Trust Company of New York reports in its statement of condition as of June 30, 1942 a new high mark in both total resources and total deposits. Total resources aggregated $48,507,689, against $47,-911,091 on March 31, 1942, while deposits reached $43,116,901 as compared with $41,704,054 the previous quarter. Capital, surplus and undivided profits are shown as $4,039,700 on June 30, as against $4,030,164 on March 31; and reserves amounted to $712,080, compared with $668,352. Cash and due from banks totaled $17,141,636, an increase over the previous quarter's figure of $14,355,728. Holdings of U. S. Government securities were $7,441,804, against $4,-996,321 on March 31; while state, municipal and corporate securities amounted to $823,914, against $797,822 for the previous period. Loans and discounts totaled $22,-272,965 as compared with $27,093,-206 on March 31.

Clinton Trust Company of New York reports that deposits of the bank on June 30, 1942 increased to $10,706,797, compared with deposits of $10,431,862 on March 31, 1942, and $9,681,640 on June 30, 1941. Assets of the bank increased to $12,068,360 at June 30, 1942 from $11,332,227 on March 31 of this year and $10,801,923 a year ago. Surplus and undivided profits of the bank stood at $400,-000 against $390,000 three months ago, and $373,000 on June 30, 1941. Loans and discounts are reported at $2,966,952 at June 30, 1942 compared with $3,128,094 three months before, and $3,059,278 a year ago. Other asset items compare as follows with the figures for three months ago and a year ago: cash on hand and due from banks $3,433,231 against $3,266,506 and $3,375,774; investments in bonds $4,955,761 against $4,687,824 and $3,903,554. Capital stock of the Clinton Trust remained unchanged at $600,000, while capital notes stood at $50,000 which is $25,000 less than reported on March 31 of the current year and on June 30, 1941.

The Irving Trust Company, New York, reports as of June 30, 1942 total deposits of $780,348,990 and total resources of $892,255,004, as compared with $795,276,592 and $907,956,196, respectively, on Dec. 31, 1941. Cash items in the current statement are given as $282,750,-437, against $357,696,816; U. S. Government securities now $365,-776,256, compared with $289,808,-033; and loans and discounts $201,873,957 contrast with $211,-697,744. The bank reports that its capital stock is unchanged from six months ago at $50,000,000, but that surplus and undivided profits now total $54,323,292, compared with $54,193,575 on Dec. 31, 1941.

The statement of condition of the Brooklyn Trust Company as of June 30, 1942, shows total deposits of $138,005,647, comparing with $143,139,698 on March 31 last and $134,713,619 a year ago. Total resources are given as $153,761,841 against $158,704,230 on March 31 and $150,833,944 on June 30 last year. Cash on hand and due from banks at the end of June was $44,-813,636 against $51,945,436 three months ago and $53,014,275 a year ago. Holdings of United States Government securities were $64,-045,735 against $56,872,278 on March 31 and $45,839,599 a year ago. Since the beginning of 1942, holdings of Government securities have shown an increase of $10,-834,465. Total loans and discounts on June 30, 1942 were $28,114,761 against $30,314,446 on March 31 and $34,318,532 on June 30 last year. Surplus showed an increase of $25,000 since March 31, being $4,625,000 against $4,600,000. Undivided profits were $1,424,913 against $1,423,410. Capital was unchanged at $8,200,000.

The County Trust Company of White Plains, N. Y., shows deposits at a new high in its statement for the quarter ending June 30, 1942 the deposits on that date totaling $24,285,721, as compared with $21,082,514 on June 30, 1941; total assets June 30 are shown as $26,570,544, as compared with $23,353,368 a year ago. In a letter to the stockholders, Andrew Wilson, Jr., President of the bank, reported that the loan volume is holding well and is higher than it was a year ago or on Jan. 1, 1942.

Frederick H. Hoffman has been elected President of the Mutual Savings Fund Harmonia, Elizabeth, N. J., succeeding Louis Wendel, who retired because of illness. The savings bank also announces the election of Raymond J. Bolle as Vice-President to succeed Mr. Hoffman.

The Philadelphia National Bank, Philadelphia, reports in its June 30, 1942 statement total deposits of $660,089,341 and total assets of $715,427,266, compared with $623,-620,165 and $679,076,711, respectively, on March 31 last. Cash and due from banks on June 30 amounted to $307,225,559, against $292,650,737; holdings of U. S. Government securities on June 30 are shown as $253,334,072, compared with $227,206,143; and loans and discounts total $91,187,776 against $94,383,559. Capital is unchanged at $14,000,000 while surplus and net profits now amount to $32,789,009, compared with $32,-536,119 at the end of March, 1942.

The Land Title Bank and Trust Co., Philadelphia, announces the election of H. Leroy Webb, Lawrence R. Zerfing and C. A. Griscom, 3d as Vice Presidents and of T. Irving Howe as real estate officer.

It is announced that Ralph Kelly, Executive Vice President of Baldwin Locomotive Works, has been elected a director of Pennsylvania Co. for Insurances on Lives & Granting Annuities.

George J. Fitzgerald became associated with the American National Bank and Trust Company of Chicago on July 1 in an official capacity, having been recently elected to the post of Assistant Cashier by the bank's board of directors. Mr. Fitzgerald was formerly a national bank examiner in the Seventh (Chicago) Federal Reserve District, having served continuously in that capacity since 1929. Prior to that he was associated for several years with Chicago banks. Following service in the Army in the last war, he returned to Chicago.

Paul T. Betz was recently elected a Vice President of the Livestock National Bank of Chicago. Mr. Betz has been Executive Vice President of the First National Bank of Lincoln, Ill., since 1934.

The statement of the Continental Illinois National Bank & Trust Co. of Chicago for June 30, 1942 shows deposits of $1,724,560,309 and total resources of $1,864,564,-311, compared with $1,701,347,124 and $1,840,381,977 on April 4, 1942. Cash and due from banks is reported in the current statement at $577,203,003, against $722,448,-132; United States Government obligations, direct and fully guaranteed, at $943,913,547, compared with $730,752,296, while loans and discounts are reported at $263,-515,028, against $286,385,807. The bank's common stock and surplus are unchanged from the end of the first quarter at $50,000,000 each; undivided profits are given as $16,057,627, as compared with $13,794,816 on April 4.

The Harris Trust and Savings Bank, Chicago, reports in its June 30 statement of condition total resources of $369,050,480 and total deposits of $343,150,947, compared with $347,310,737 and $321,526,593 on Dec. 31, 1941. The bank shows cash items of $116,079,270, against $111,638,858 six months ago; U. S. Government securities at $63,831,-508, compared with $49,101,360; and loans and discounts of $83,-952,093, against $94,170,820. The bank's capital and surplus remain unchanged at $6,000,000 and $9,-000,000, respectively, while undivided profits in the current statement are listed at $3,981,874, compared with $3,803,157 six months ago.

The Commerce Trust Co., Kansas City, Mo., in its statement of condition as of June 30, 1942, shows total resources of $259,100,-831 and deposits of $245,287,951, as compared with $229,246,817 and $215,512,568, respectively, on last April 4. The bank reports cash and due from banks of $103,039,-315, against $88,290,361; U. S. obligations, direct and fully guaranteed, of $69,359,225, compared with $36,708,051; and loans and discounts of $54,883,834, against $71,-337,554. Capital and surplus are unchanged at $6,000,000 and $4,-000,000, respectively, while undivided profits are now listed at $3,613,914, compared with $3,621,-838 three months ago.

Levering E. Taylor, formerly San Francisco correspondent of the Mercantile-Commerce Bank & Trust Company, has joined the Trust Department of the bank in St. Louis. The San Francisco office of the Mercantile-Commerce Bank and Trust Company was closed as of June 15.

The statement of condition of Bank of America N. T. & S. A. (California) as of June 30, 1942 shows deposits at the all time high mark of $1,958,530,000, an increase of $272,942,000 over a year ago and an increase of $50,-047,000 since Dec. 31, 1941. Total resources were $2,143,202,000 a gain of $265,464,000 over a year ago. Loans and discounts outstanding aggregated $889,353,000 which is $44,887,000 higher than a year ago. Since Dec. 31, 1941 loans and discounts decreased $25,215,-000 while bond investments increased $81,437,000. It is further announced by the bank:

"Earnings after operating expenses and accruals for taxes were $12,618,000. From this total $2,133,-000 was reserved for depreciation of bank premises and amortization of bond premiums and $2,053,000 was set up in reserves and applied to the absorption of losses or the revaluation of assets. After payment of $5,267,000 in dividends at the annual rate of $2.40 per share of the common stock and $2.00 per share on the preferred stock, and after profit-sharing bonus to employes, capital funds were increased from earnings for the six months period by $3,119,000. This, with the dividend, is equal to approximately $4 per share per annum on the common stock.

"Following the policy previously established, one-half of the net increase in undivided profits was transferred to the war contingencies reserve.

"Capital funds, including reserves, now total $158,767,000 which is an increase of $2,024,000 for the year, after the utilization of $3,882,450 to retire 77,649 shares of preferred stock during the period, and after applying $842,000 of an unallocated reserve, previously set up for the purpose, to reduce the book value of certain banking premises, in addition to normal depreciation."

President L. M. Giannini stated that the curtailed demand for ordinary civilian credit had made more funds available to finance war production. "We are continuing to carry forward our policy of unstinted support to America's victory program," he said.

Deposits and resources of Wells Fargo Bank of San Francisco registered sizable increases over the figures of a year ago, according to the June 30 statement of condition, released at the call of the State Superintendent of Banks. Total deposits at $335,-036,931 compared with $327,096,-841 on April 4 (previous call), and with $323,839,884 on June 30, 1941. Total resources amounted to $360,-117,157, as against $352,803,594 on April 4 and $349,302,055 a year ago. Holdings of U. S. Government securities are now reported at $194,780,663, an increase of $7,236,185 over June 30, 1941, and cash at $86,145,551 was $16,-735,759 higher, correspondingly. The June 30, 1942 statement showed $647,296 reserved for taxes, compared with $296,187 a year earlier. Loans and discounts aggregated $40,811,347, slightly above the June 30, 1941 figure of $39,209,289. Undivided profits at $3,036,646 showed an increase of $113,451 over a year ago.

United States National Bank of Portland, Oregon, in its report to the Comptroller of Currency as of June 30, 1942, records an all time deposit high of $208,105,063. This, it is also stated, marks the first time in the history of Oregon that any bank in that state reached the $200-million point in deposits at the time of official call. It is added that the nearest heretofore published was the United States National Bank's statement of April 4, 1942, showing deposits of $197,112,447. While this shows a gain of approximately 11-million dollars in that 3 months' period, comparison with the statement of June 30, 1941, shows again in excess of 31-millions. Resources at time of most recent call stand at $220,822,121.

The Midland Bank Ltd. (head office London), in its statement of accounts as of May 27, 1942, shows total assets of £706,437,546, as compared with £830,454,998 on Dec. 31, 1941. Current, deposit and other accounts on the latest date are shown as £665,156,119, as against £775,862,987 at the end of 1941. The bank's paid-up capital is listed at £15,158,621, the same as at the year-end, and the reserve fund is also the same, £12,410,609.